

Annual Report  
*of the*  
Federal Security  
Agency

SECTION  
ONE

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Social Security  
Administration

1947

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Social Security  
Administration

FOR THE FISCAL YEAR

1947

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## FEDERAL SECURITY AGENCY

OSCAR R. EWING, *Administrator*

## SOCIAL SECURITY ADMINISTRATION

ARTHUR J. ALTMAYER, *Commissioner*

WILLIAM L. MITCHELL, *Deputy Commissioner*

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ROBERT J. MYERS, *Actuarial Consultant*

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## LETTER OF TRANSMITTAL

FEDERAL SECURITY AGENCY,  
SOCIAL SECURITY ADMINISTRATION,  
*Washington 25, D. C., October 1, 1947.*

The Honorable OSCAR R. EWING,  
*Federal Security Administrator.*

DEAR MR. EWING:

The Social Security Administration has the honor of transmitting its annual report for the fiscal year ended June 30, 1947, for submission to the Congress as required by section 704 of the Social Security Act.

This is the first report of the Social Security Administration since its establishment by the Federal Security Administrator in July 1946, pursuant to the President's Reorganization Plan No. 2. It is also the first report to cover developments in all programs now operating under the Social Security Act and to include the research and reporting functions of the Children's Bureau under the act creating that Bureau.

The following pages outline accomplishments during the year and recommendations for improving the existing provisions, made in accordance with the statutory mandate under section 702 of the Social Security Act for "studying and making recommendations as to the most effective methods of providing economic security through social insurance, and as to legislation and matters of administrative policy" in this and related fields.

Respectfully submitted,

ARTHUR J. ALTMAYER,  
*Commissioner for Social Security.*

# FEDERAL SECURITY AGENCY

**FEDERAL SECURITY ADMINISTRATOR**  
ASSISTANT FEDERAL SECURITY ADMINISTRATOR

OFFICE OF ADMINISTRATION

OFFICE OF GENERAL COUNSEL

OFFICE OF FEDERAL-STATE  
RELATIONS

OFFICE OF INTER-AGENCY  
AND  
INTERNATIONAL RELATIONS

OFFICE OF RESEARCH

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**SOCIAL SECURITY  
ADMINISTRATION**

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Insurance  
Bureau of Employment Security  
Bureau of Public Assistance  
Children's Bureau  
Office of Appeals Council

**EDUCATIONAL AFFAIRS**

Office of Education  
American Printing House  
for the Blind  
Columbia Institution for  
the Deaf  
Howard University

**HEALTH AND MEDICAL CARE**

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Office of the Surgeon General  
National Institute of Health  
Bureau of Medical Services  
(Freedmen's Hospital)  
Bureau of State Services  
St. Elizabeths Hospital

**OFFICE OF SPECIAL SERVICES**

Food and Drug Administration  
Bureau of Employees' Compensation  
Office of Vocational Rehabilitation  
Employees' Compensation Appeals  
Board



## *FEDERAL SECURITY AGENCY*

The Federal Security Agency was established on July 1, 1939, by Reorganization Plan No. I pursuant to the Reorganization Act of 1939. In transmitting the Plan the President stated that he felt it necessary and desirable to group in a Federal Security Agency those agencies of the Government, the major purposes of which are to promote social and economic security, educational opportunity, and the health of the citizens of the Nation. Transferred under Reorganization Plan No. I were the Social Security Board, the U. S. Employment Service, whose functions were transferred from the Department of Labor and consolidated in the Board, the Office of Education from the Department of the Interior, the Public Health Service from the Department of the Treasury, the National Youth Administration from the Works Progress Administration, and the Civilian Conservation Corps. Reorganization Plan No. II, which also became effective on July 1, transferred the Radio Service and the U. S. Film Service from the National Emergency Council, and Federal functions relating to the American Printing House for the Blind from the Department of the Treasury.

The organization of the Agency was enlarged by Reorganization Plan No. IV, which became effective June 30, 1940. Under this Plan the Food and Drug Administration was transferred from the Department of Agriculture, and Saint Elizabeths Hospital, Freedmen's Hospital, and the Federal functions relating to Howard University and the Columbia Institution for the Deaf from the Department of the Interior. When the War Manpower Commission was established in September 1942, the U. S. Employment Service and the National Youth Administration were transferred to that Commission. Because of expanded employment opportunities the liquidation of the Civilian Conservation Corps was begun in 1942.

During the war the Agency became the center around which numerous war activities were developed. The Federal Security Administrator was named Coordinator of Health, Welfare, and Related Defense Activities, which later became the Office of Defense Health and Welfare Services. Thereafter, this Office was abolished and its functions transferred to the Office of Community War Services then created in the Federal Security Agency. The Administrator was also named Chairman of the War Manpower Commission and carried on these threefold duties until the conclusion of the war, when these emergency activities were either liquidated or transferred elsewhere. The U. S. Employment Service was then transferred to the Department of Labor.

The Agency was further expanded by Reorganization Plan No. 2 of 1946. This Plan, which became effective on July 16, 1946, transferred the Children's Bureau, exclusive of its Industrial Division, from the Department of Labor to the Federal Security Agency. The same Plan abolished the Social Security Board and transferred to the Administrator all the functions of the Board and of its Chairman. The Employees' Compensation Commission was also abolished and its functions transferred to the Administrator, as were the functions of the Secretary of Commerce and the Bureau of the Census with respect to Vital Statistics.

The organization of the Agency as of the close of the fiscal year 1947 is shown on the accompanying chart.





## CONTENTS

	Page
Letter of Transmittal.....	III
Federal Security Agency.....	v
SECTION 1—SOCIAL SECURITY ADMINISTRATION	
Social Security Looks Ahead.....	1
The need for present action.....	3
Summary of recommendations.....	9
A comprehensive program of social security.....	9
Old-age and survivors insurance.....	10
Unemployment insurance.....	11
Disability insurance.....	12
Medical care insurance.....	12
Public assistance and welfare services.....	12
Children's services and research in child life.....	13
Interrelationships of social insurance programs.....	14
Social security risks and resources in 1946-47.....	16
Unemployment.....	17
Old age.....	18
Death of the family earner.....	20
Disability.....	21
Medical care.....	23
Old-Age and Survivors Insurance.....	27
Old-age and survivors insurance in 1946-47.....	27
Amendments of 1946.....	27
Workers and their wage credits.....	30
Insurance status.....	31
Applicants for account numbers.....	32
Beneficiaries and their benefits.....	32
Appeals.....	35
Administrative developments.....	35
Administrative costs.....	37
Financing the program.....	38
Improving the program.....	39
Extension of coverage.....	39
Self-employment.....	40
Farm and household labor.....	43
Employment by nonprofit organizations.....	45
Federal civilian employment.....	46
State and local government employment.....	47
Military service.....	49
Railroad employment.....	50
Problems of piecemeal extension.....	50
Benefit changes and other proposed modifications.....	51
Benefit formula and wage base.....	51
Maximum family benefits.....	52

## Old-Age and Survivors Insurance—Continued

## Improving the program—Continued

## Benefit changes and other proposed modifications—Continued

	Page
Suspension of benefits for employment.....	52
Age of eligibility for women.....	53
Legal status of wife and widow.....	53
Mother's insurance benefits.....	54
Child's benefits.....	54
Lump-sum payments.....	55
Definition of wages.....	56
Further modifications under extended coverage.....	56
Eligibility requirements.....	57
Average monthly wage.....	58
Minimum benefit.....	58
Cash benefits for extended disability.....	59
Financing an expanded program.....	63
Unemployment Insurance.....	64
Unemployment insurance in 1946-47.....	66
Covered workers.....	66
Maritime workers.....	66
Other groups.....	68
Claims and benefit payments.....	68
Claims.....	68
Interstate claims.....	69
Time lapse in benefit payments.....	70
Benefit payments.....	70
Amount and duration of benefits.....	70
Eligibility and disqualification.....	73
Availability for work.....	73
Extent and type of disqualification.....	74
Appeals.....	75
Financing benefit costs.....	76
Funds available for benefits.....	76
Experience rating.....	77
Financing administrative costs.....	79
Temporary disability insurance coordinated with unemployment insurance.....	80
Other aspects of Federal-State administration.....	81
Relations with the employment service.....	81
Legislative advice.....	82
Development of a sound benefit formula without wage records.....	82
Interpretive work.....	83
Operating problems.....	83
Coordination and dissemination of information.....	84
Improving unemployment insurance.....	85
Coverage.....	85
Financing benefit costs.....	86
Financing administrative costs.....	89
The Nation's stake in unemployment insurance.....	91
Public Assistance.....	95
Public assistance in 1946-47.....	96
Administrative steps to implement amendments.....	96
Effects of reconversion and amendments on assistance.....	97



Public Assistance—Continued

Public assistance in 1946-47—Continued

	Page
Recipients and their payments.....	99
Old-age assistance.....	99
Aid to dependent children.....	100
Aid to the blind.....	102
General assistance.....	103
Civilian war assistance.....	104
Financing public assistance.....	104
Other administrative developments.....	105
Consultation and technical services to States.....	105
Termination of emergency services.....	106
Services for the visually handicapped.....	107
International activities.....	107
Improving public welfare.....	107
Financing public welfare.....	109
Special Federal aid to low-income States.....	109
Federal matching maximums for individual payments.....	110
State distribution of Federal and State funds.....	111
Assistance for any needy person.....	112
Federal funds for general assistance.....	112
Definition of a dependent child.....	113
Residence requirements.....	114
Citizenship requirements.....	114
Property restrictions.....	115
Scope of assistance and service.....	115
Medical care.....	115
Determination of need.....	117
Welfare services.....	117
Administrative organization.....	118
Extension of Federal aid to the Virgin Islands and Puerto Rico..	119
Children's Bureau.....	119
Grant-in-aid programs, 1946-47.....	121
Maternal and child health services.....	123
Services for crippled children.....	127
Child welfare services.....	130
Emergency maternity and infant care program.....	133
Investigating and reporting services, 1946-47.....	134
Research.....	134
Mortality studies.....	134
Child health survey.....	136
Dental health studies.....	136
Pediatric nursing study.....	137
Visual-testing study.....	137
Guardianship.....	137
Advisory services on problems affecting children.....	137
Services to children with special needs.....	137
Services to children in special groups.....	139
Mental health programs.....	140
Educational and employment opportunities for youth.....	140
State legislative proposals.....	140
Reporting services.....	140
International cooperation, 1946-47.....	142
Improving services for mothers and children.....	144

	Page
General Administration.....	148
The Social Security Administration.....	148
International activities.....	148
Bureaus and Offices.....	150
Regional and field organization.....	151
Merit systems of personnel administration in the States.....	152
Appropriations and expenditures.....	153
Personnel.....	155
Appendix.....	156

## CHARTS

1. Payments for all public aid (public assistance and Federal work programs) and for public assistance and social insurance under the Social Security Act, January 1935-June 1947..... facing page	1
2. Payments under selected social insurance and related programs, January 1938-June 1947.....	6
3. Social insurance beneficiaries and public assistance recipients under the Social Security Act, February 1936-June 1947.....	17
4. Number of aged persons receiving benefits under old-age and survivors insurance and number receiving old-age assistance per 1,000 persons 65 years and over in each State, June 1947.....	19
5. Living workers with wage credits under old-age and survivors insurance, by insurance status at beginning of year, 1940-47.....	31
6. Number of persons receiving monthly benefits under old-age and survivors insurance, June 30, 1947, per 100,000 population in each State.....	33
7. Average monthly old-age and survivors insurance benefits in current-payment status, by type of family, June 30, 1947.....	34
8. Number of persons receiving monthly benefits under old-age and survivors insurance, by type of benefit, January 1940-June 1947.....	55
9. Weekly number of claimants for unemployment benefits, August 4, 1945-June 28, 1947.....	69
10. Average weekly benefit for total unemployment and average actual duration of benefits for all types of unemployment, by State, fiscal year 1946-47.....	71
11. Average payments under old-age assistance, aid to dependent children, and aid to the blind, September 1946 and June 1947, by State...	101
12. Maternal mortality rates, 1915-45.....	135
13. Infant mortality rates by age, 1915-45.....	136

## APPENDIX

Regional and field organization as of June 30, 1947.....	156
Tables.....	159
1. Social Security Administration: Personnel, salaries, travel, and general expenses, by Bureau or Office, fiscal year 1946-47.....	159
2. Social Security Administration: Appropriations and expenditures, fiscal years 1945-46 and 1946-47.....	159
3. Financing social insurance under the Social Security Act: Contributions collected and trust fund operations, fiscal years 1945-47.....	160
4. Old-age and survivors insurance: Number of families and beneficiaries in receipt of benefits and average monthly benefit in current-payment status, by family group, end of June, 1947 and 1946.....	160



# CONTENTS

XI

Page

5. Old-age and survivors insurance: Selected data on benefits and wage credits, by State, for specified periods, 1945-47.....	161
6. Old-age and survivors insurance: Benefits in current-payment status, payments certified, and workers with wage credits, for specified periods, 1945-47.....	162
7. Unemployment insurance: Selected data on benefits, claims, employment, and finance, by State, for specified periods, 1945-47.....	162
8. Unemployment insurance: State accounts in the Federal unemployment trust fund, by State, fiscal year 1946-47.....	164
9. Special types of public assistance under plans approved by the Social Security Administration: Number of recipients and average payment, June 1947, and total payments to recipients, fiscal year 1946-47, by program and State.....	165
10. Special types of public assistance under plans approved by the Social Security Administration: Federal grants certified and total expenditures and percent from Federal funds, by program and State, fiscal year 1946-47.....	166
11. Maternal and child health and welfare services: Grants to States for maternal and child health services, services for crippled children, and child welfare services under the Social Security Act, and for emergency maternity and infant care, fiscal year 1946-47, by program and State.....	167

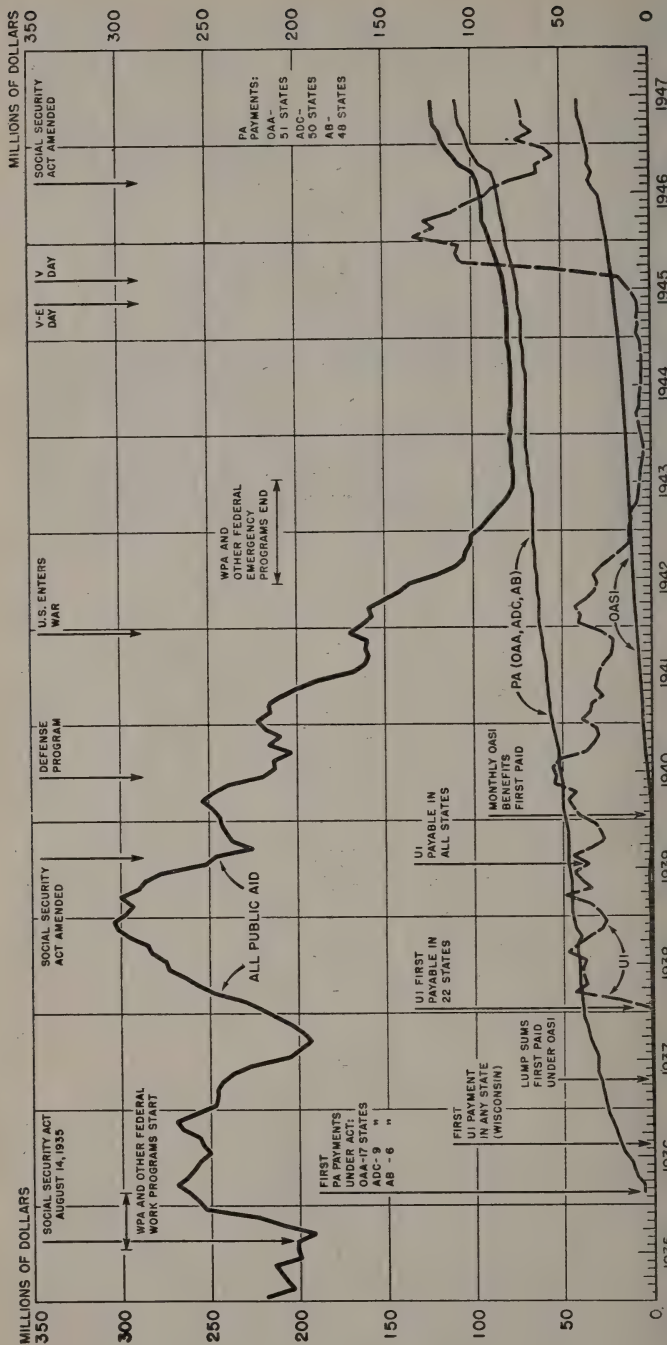


CHART 1.—Payments for all public aid (public assistance and Federal work programs) and for public assistance and social insurance under the Social Security Act, January 1935-June 1947



## SECTION ONE

# SOCIAL SECURITY ADMINISTRATION

## *SOCIAL SECURITY LOOKS AHEAD*

THIS REPORT OF SOCIAL SECURITY OPERATIONS during the fiscal year 1946-47 spans a period characterized in the President's Economic Report to Congress as the "swiftest and most gigantic change-over that any nation has made from war to peace." Despite the attendant stresses and strains, civilian employment rose to the unprecedented level of 60 million persons. Unemployment remained close to the minimum considered unavoidable in a free economy of great mobility. Most of the workers who lost their jobs were eligible for unemployment insurance benefits to tide them over until they found other work or withdrew completely from the competition for jobs. Insurance benefits represented an assured, though small, income for many elderly workers and for many of the families of wage earners who had died. Other large groups of persons who for one reason or another could not qualify for insurance payments were able to turn to public assistance when they could no longer support themselves or when the family breadwinner died or became incapacitated or when other sources of support dwindled away or disappeared. Maternal and child health services—meager in some areas, more extensive in others—were increasingly available. Medical and related services for children handicapped by crippling conditions were expanded, as were welfare services for children whose handicaps stem from parental neglect or from various types of physical, social, and emotional strains.

Throughout the year the programs operating under the Social Security Act proved once more their adaptability to the changing needs and demands of the economy. Because of legislative action by the Seventy-ninth Congress, all programs were better equipped to meet the purposes for which they were designed. Administrative operations were strengthened by a closer integration of all four programs within the Social Security Administration, which was established by the Federal Security Agency in July 1946 pursuant to the President's Reorganization Plan No. 2. The Social Security Administration now comprises all bureaus and offices formerly under the Social Security Board—including the program Bureaus of Old-Age

and Survivors Insurance, Employment Security, and Public Assistance—and the Children's Bureau, which under the Reorganization Plan was transferred to the Federal Security Agency from the Department of Labor with all its functions except those related to the enforcement of the child labor provisions of the Fair Labor Standards Act.

This first report of the Social Security Administration therefore covers all programs now operating under the Social Security Act and the research and reporting functions of the Children's Bureau under the act creating the Bureau. It presents a record of substantial accomplishment in providing a basic minimum of economic security to millions of persons in the Nation, and health and welfare services to thousands of children and mothers, through programs that have proved the soundness of their objectives and the feasibility of the methods by which those aims are accomplished. It also indicates the extent to which, in the belief of the Social Security Administration, the present provisions should be strengthened to meet those objectives more fully for all people in all parts of the country.

Operations during the fiscal year 1947 demonstrated the importance of unemployment insurance for the families of workers who could not find jobs immediately because their skills did not fit the jobs that were open to them in the places where they lived. Even when the economy is functioning at peak activity, however, millions of persons are unable for one reason or another to avail themselves of job opportunities. The past year underscored the fact that, while full employment and full production are imperative for continuing economic health in this country and throughout the world, they cannot of themselves solve the problems that face most working people and their families when family income is interrupted for any length of time or cut short completely. For millions of such families, social insurance benefits and assistance payments were the major source of income.

In every month, more than 1½ million persons—aged workers and their wives and dependent children, and the widows, children, and aged parents of deceased workers—received monthly benefits under the Federal old-age and survivors insurance program, which were financed by the regular contributions of the employees and their employers. The potential protection of the program in terms of survivor benefits was of striking significance. On January 1, 1947, for example, about 41½ million persons had worked a sufficient length of time in covered employment to have acquired insured status, so that the death of any one of them could give rise to survivor benefits under the system. The value of that protection, alone, was equivalent to more than \$75 billion in term life insurance.



Other groups of the population, for whom the provisions of the insurance program were not available and who were little able or completely unable to work, could turn to public assistance for the minimum essentials of living. In June 1947, for example, more than 2¼ million elderly men and women—or over 2 in every 10 persons in the population aged 65 and over—were receiving old-age assistance because they were no longer able to support themselves or because income from other sources was not sufficient to meet their needs. Aid to the blind was the partial or only income of 79,000 needy blind persons. In the same month, aid to dependent children was going to more than a million children in nearly 400,000 families that had had to turn to the program for assistance because the family breadwinner had died or was incapacitated or absent from the home. In addition to these groups of the aged or the blind or children deprived of parental support, some 700,000 other needy persons throughout the country were being aided by general assistance, provided by States and local communities. These were mainly persons who could not qualify for one of the special types of public assistance.

Community health and welfare services also played a vital role in providing for economic as well as social security. These services include the programs designed to improve the general level of health in communities and, in particular, the health and welfare of mothers and children, and to promote the welfare of children who lack opportunities that should be the birthright of every American child. Future progress in improving health and preventing needless suffering and premature death will depend largely on the ability of all the population to obtain adequate individualized services for the diagnosis and care of sickness and for the attainment of maximum physical and mental efficiency—basic to the ability to maintain self-support.

### *The Need for Present Action*

The Social Security Administration believes that systematic provisions for underwriting the basic minimum security and well-being of the men, women, and children of the Nation are an integral part of our democratic way of life and our free competitive economy. Social security is, in fact, the organized effort that the people make, acting through their government, to try to assure that every family has the goods and services necessary for decent living and receives these basic essentials in circumstances that preserve self-respect and opportunity for economic and social advancement. To the extent that a people have the confidence that springs from economic security and freedom of opportunity, the economic system is free to encourage experimentation, invention, improvement of technological processes,

elimination of waste, and continued response to changing ideas and circumstances.

Our present provisions for social security in this country represent the adaptation of social institutions to the changes of a dynamic economy. The Social Security Act was a significant milestone in that development. Under it the Nation pledged itself to a concerted attack on problems recognized as transcending individual or community efforts at solution. It represented an extension of earlier legislative provisions enacted at different times in this country's history and dealing with different groups in the population.

The Social Security Act built on existing foundations, but it was not the finished structure. When the act became law it was hailed by President Roosevelt as "a cornerstone of a structure which is being built but is by no means complete." In the recommendations of the Committee on Economic Security, on which congressional consideration of provisions to be embodied in the act was based, the Committee emphasized the fact that their approach was "piecemeal" and "dictated by practical considerations." But, the Committee continued, "the broad objectives should never be forgotten. Whatever measures are deemed immediately expedient should be so designed that they can be embodied in the complete program which we must have ere long."

Throughout the ensuing decade, as experience in operating the programs was gained and as experimentation proved the basic soundness of those programs and showed also the areas where changes were necessary, progress toward a more complete program was made. The 1939 amendments materially strengthened the basic structure. The amendments of 1946 buttressed some minor points. Testimony at the congressional hearings that preceded the 1946 legislation indicated the widespread public realization of gaps and inadequacies in present coverage and benefits and overlappings in provisions for certain groups of the population. The limited character of the 1946 provisions and the need for fundamental review were stressed by both Houses of Congress when the amendments were passed. That need had previously been recognized by the adoption of a House resolution in March 1945 authorizing the Committee on Ways and Means to obtain information "with respect to the need for the amendment and expansion of the Social Security Act." It was reaffirmed by Senate resolutions in both 1946 and 1947 that directed the Senate Committee on Finance to make a "full and complete study and investigation" of all aspects of social security.

The objective of a comprehensive program of social security is twofold. It should enable the great majority of all individuals and families to maintain their independence when they meet with the



common economic hazards against which they have little or no individual defense. It should also assure that the services necessary for the health and welfare of the people of our country are available for their use.

In our contributory social insurance program we have a tested and successful system that can be used to compensate all the major risks of wage loss—sickness and extended disability, unemployment, old age, and death, as well as the costs of medical care. A comprehensive social insurance system would afford protection to all to whom these risks apply. It would have the simplicity and economy attainable through use of a single set of records, a single contribution, and a single set of local offices to administer all types of cash benefits.

Our present system is incomplete in the coverage of both risks and persons. The type of risk against which a worker and his family are protected depends on whether the wage earner works in industrial and commercial employments covered by the Social Security Act; whether he is employed by a railroad, the Federal Government, a State or municipal government, or a nonprofit organization; or whether he works in agriculture or domestic service. If he is a veteran, he and his family receive payments and compensation under special legislative provisions. In some employments a wage earner has no insurance against wage loss; in some he is insured against two or three of the risks or against only one. Only railroad workers have comprehensive insurance against the major risks of wage loss due to sickness and extended disability, unemployment, old age, and death, but even they lack insurance against the costs of medical care.

Workmen's compensation for occupational accidents and diseases was the first public insurance program to be established in this country. Yet such disabilities are only a fraction of those that day by day take a heavy toll of the Nation's productive capacity. Compensation under public provisions for wage loss from prolonged nonoccupational disabilities is at present confined to veterans or to persons employed by the railroad industry or by government. Yet there are very few wage earners—even among those who have substantial protection against old-age insecurity and unemployment—who would not be reduced to dependency on relatives or public agencies if they met with a long period of incapacitating illness. Only railroad workers and employees in two States have social insurance protection against wage loss from temporary disability of nonoccupational origin. Undoubtedly the lack of protection against the risks of disability and the costs of medical care under our present social security program has been one of the reasons for the present widespread demand in various industries for the establishment of health and welfare funds.

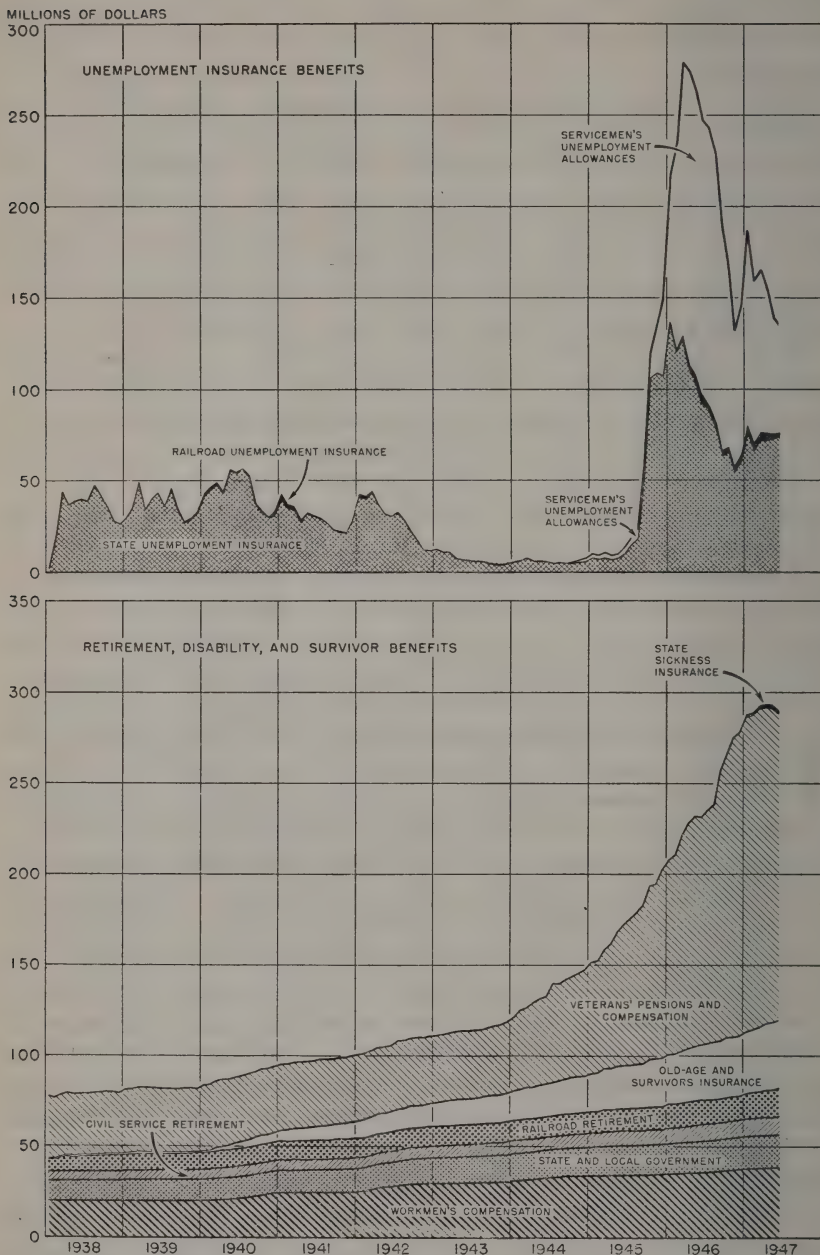


CHART 2.—Payments under selected social insurance and related programs, January 1938–June 1947



In this respect the situation is analogous to that a few decades ago when the problem of the older worker came to the fore and various industrial concerns set up private pension plans for their aged workers. These plans were confined chiefly to the large companies in the heavy industries, and many of them had restrictive eligibility requirements, limiting protection to workers with long service in the individual company. In terms of effective coverage of the wage-earning population and of adequate and assured protection to workers and their families, the plans proved that voluntary insurance alone cannot cope effectively and at minimum cost with the problem of providing basic protection to all workers. Once that basic protection is assured to substantially all persons to whom the risk applies, however, private plans and individual thrift can more surely build a supplementary protection for individual workers and their families.

In addition to present anomalies in the type of protection available to different occupational groups, the extent of protection for persons insured against similar risks also varies greatly. Under our present provisions, for example, it would be possible for an individual to work at some time during the course of his working life in jobs covered by Federal old-age and survivors insurance, the Railroad Retirement Act, the Civil Service Retirement Act, and the retirement plan of a State or locality. According to the length and timing of such employments, he might become eligible to receive retirement benefits under one or more or all of these plans. Another man, with similar earnings under several of the programs, may go through a working life without ever acquiring retirement rights under any. Conceivably the survivors of a worker who dies might be eligible for benefits under the Federal old-age and survivors insurance system as well as under a State workmen's compensation law and under general veterans' legislation. Another family, equally in need of income to replace the father's earnings, may have had no opportunity to gain protection under any of these programs. There are also anomalies under the various provisions for unemployment insurance.

These variations in protection are the result of the piecemeal development of legislative provisions rather than of any fundamental or logical difference among occupational groups of wage earners in the need for basic protection. In this country, as in all countries where social security measures of one kind or another have been adopted over a period of time, the development of an adequate system, without gaps and overlapping, is an evolutionary process. In this process, two fundamental principles are at work. One is universality of protection—in which the problem is one of making certain that there are no avoidable gaps and no undesirable overlapping. The other is adequacy of benefits, which includes not only the amounts payable under any

one program and the proper relationships between the amounts and duration under several programs but also the simplicity and objectivity and certainty of their provision.

In a dynamic civilization, no particular set of provisions or dollar amounts will ever present a permanent standard of adequacy. The Social Security Administration is especially concerned with the need for adjustment at the present time in benefit levels of all programs under the Social Security Act to keep pace in some measure with the rapid rise in living costs during the past year. The impact of that rise, perhaps most evident in the public assistance programs, has been felt in both the insurance programs but most acutely in old-age and survivors insurance, with its fixed statutory scale of benefits. This scale was adopted in 1939, and even if it was adequate in relation to 1939 conditions it is no longer adequate, either in terms of purchasing power or in terms of replacement of wages. The increase in the costs of goods and services has also affected the adequacy of programs providing health and welfare services to children and mothers.

The 1946 amendments to the public assistance provisions, for example, which provided for increase in Federal participation, enabled State public assistance agencies to raise the level of assistance payments. The increases in the maximum amounts in which the Federal Government will participate were not commensurate with the rise in living costs, however. The new maximum payments to an aged or a blind recipient in which the Federal Government will share represented an increase of about 12 percent over the previous maximums, which were established in the 1939 amendments. Yet from August 1939 to July 1946 the cost of food for families of moderate income living in large cities rose 77 percent, according to the consumers' price index of the Bureau of Labor Statistics. In the next 12 months, food costs rose another 15 percent. The increase in the Federal matching maximums for aid to dependent children was greater than in the other two programs, but it was far from equivalent to the rise in the cost of food alone since 1935, when the previous maximums in aid to dependent children were established.

During the war this country proved its amazing productive capacity by turning out half the war material with which the Allied Nations waged war on all fronts throughout the world. We are now producing at least one-third of the world's total output of goods, at an unprecedented level of civilian employment. The Social Security Administration believes that economic conditions at the present time offer an exceptional opportunity to develop a comprehensive program that will provide the basic essentials of social security for all persons in all parts of the Nation. In the stark urgency of the present world situation, the continuing existence of our free competitive economy and the ideals of democracy as an economic system as well as a system



of government are facing their most serious challenge. A positive and concerted attack on all areas of insecurity in this country is imperative, in the belief of the Administration, if we are to meet that challenge successfully.

### *Summary of Recommendations*

#### *A Comprehensive Program of Social Security*

To accomplish this objective, the Administration believes that our present programs of social insurance should be broadened into a comprehensive basic national system of contributory insurance. With such a system the great majority of all families can maintain their economic independence when they meet with common hazards against which they have little or no individual defense. Even with complete coverage of risks and of population, however, there will always be some groups who will fail to qualify for insurance benefits and other groups who need a variety of services for which they turn to the public welfare agency. For these there should be comprehensive welfare programs, including public assistance and family and child welfare services. In addition to these provisions for safeguarding family income and family welfare, a comprehensive program of services for children should be developed, since the Nation's progress in coming decades will be shaped and determined by the children of this generation. The Social Security Administration therefore recommends the establishment of:

*A comprehensive basic national system of contributory social insurance.* This basic program, covering all major risks to economic independence and all workers and their dependents threatened by such risks, would include insurance against wage loss in periods of disability and against costs of medical care, for which no general provision now exists in the United States, as well as old-age and survivors insurance and unemployment insurance. Cash benefits would be related to past earnings and additional benefits provided for dependents. The program would be designed to eliminate existing gaps in the coverage of both persons and risks, to remove present inequities in the protection of workers and their families and in the financial burdens of employers, and to provide a consistent relationship, not only among the insurance provisions for the various risks covered but also between the provisions of the basic system and those of supplementary special systems now in effect for particular groups. As compared with separate programs to meet particular risks, such a system would reduce administrative costs and reporting burdens and simplify arrangements as they affect workers, employers, and public agencies.

*A comprehensive program of public welfare, including public assistance and family and child welfare services.* Under this program, on a Federal-State basis, payments and services financed from Federal and State funds would be available to any needy person in the United States, irrespective of the reason for need or the place of residence. The Federal financial contribution to such a program should be designed to remove the great disparities now existing in the treatment of various classes of needy persons and to reduce the disparities in different parts of the country. It should also be designed to remove serious present inequities in the relative burdens borne by States and localities in financing public assistance.

The role of public welfare agencies should be strengthened by Federal participation on a State-wide and comprehensive basis in social services for all families and adults and children. Federal grants should be available likewise to assist the States in developing such services to families and individuals—whether self-supporting or not—who turn to the agencies for help in becoming self-supporting, in making use of community resources, and in solving individual problems in family or community adjustment.

*A comprehensive program of health and welfare services for children and research in child life.* Such a plan should provide for the progressive development of the full range of physical, mental, and social services of high quality required by mothers and children of this country wherever they live and whatever their income or race. Immediate attention should be given to the provision of programs of health, medical, and dental services for the child of school age—one of the most neglected areas of service. Research and investigation in child life are essential in supporting and guiding the development of these services and enriching our knowledge and understanding of the needs of children. Such research should approach the programs of child life from the point of view of the total child, his growth and development, and his place in society.

Legislative changes that would assist in the achievement of the objectives outlined above are discussed more fully in subsequent chapters. In brief, the recommendations include:

#### *Old-Age and Survivors Insurance*

Coverage of all gainful workers, including agricultural and domestic employees, public employees and members of the armed forces, employees of nonprofit organizations, railroad employees, and self-employed persons, including farmers and small businessmen.

Changes in the average monthly wage and benefit formula to increase benefit amounts, particularly to low-paid workers.



Increase in the maximum amount of earnings taxable and counted in benefit computation, and expansion of the definition of taxable wages to include all tips, gratuities, and dismissal wages.

Increase in the amount of earnings a beneficiary may receive in covered employment without suspension of benefits.

Reduction of the qualifying age for all women beneficiaries from 65 to 60 years.

Greater uniformity in defining, for purposes of the insurance system, family relations and conditions of dependency that qualify members of an insured person's family for benefits.

Payment of a lump sum in the case of every deceased insured wage earner.

Payment of benefits during periods of extended or permanent total disability similar to those for old-age retirement.

Provision for ensuring uniformity in coverage decisions relating to liability for contributions and eligibility for benefits, which are based on identical language in the Social Security Act and Internal Revenue Code but are made by two separate Federal agencies—the Bureau of Internal Revenue and the Social Security Administration.

Adoption of a long-range plan for financing old-age and survivors insurance which looks toward an eventual tripartite division of costs among employers, employees, and the Government.

### *Unemployment Insurance*

Extension of the Federal Unemployment Tax Act to all employers of one or more workers in covered industries and to many excepted employments.

Provision of unemployment benefits for employees of the Federal Government.

Provision of a maximum weekly benefit amount of at least \$25 for the wage earner with dependents, in the case of workers whose past earnings entitle them to the maximum.

Provision of as much as 26 weeks' duration of benefits for all workers eligible for benefits whose unemployment extends over so long a period.

Provision that disqualifications for voluntary leaving without good cause, discharge for misconduct, or refusal of suitable work should entail only postponement of benefits for not more than 4 weeks rather than cancellation of benefit rights or reduction of benefits.

Definition of good cause for voluntary leaving or for refusing suitable work to include good personal reasons, not merely causes attributable to the job or the employer.

Reduction in the Federal tax rate: if the credit-offset feature of the present tax is retained, reduction of the tax to 2 percent; under a grant-in-aid provision, substitution of a straight Federal tax of 1 percent of covered pay rolls, from the proceeds of which Federal grants

to the States would be made to share the costs of both benefits and administration.

Extending to the States the option of granting rate reductions to employers either through experience rating, State-wide reduction, or some other method.

Modification of the additional-credit provisions to reduce the contribution rate for new employers by permitting them to pay the State-wide average rate instead of 2.7 percent.

### *Disability Insurance*

Provision for cash benefits to insured workers and their dependents during both temporary disability (less than 6 months) and extended disability (6 months and over).

### *Medical Care Insurance*

Insurance against costs of medical care, including payments to physicians, dentists, nurses, hospitals, and laboratories, with provision for free choice of doctor and patient, decentralization of administration, and utilization of State administration.

### *Public Assistance and Welfare Services*

Special Federal aid to low-income States for assistance, administration, and welfare services to enable States with relatively low economic resources to develop adequate public welfare programs.

As a condition of Federal aid, State apportionment of Federal and State funds among the localities in accordance with their need for funds.

Removal of the Federal maximums limiting Federal participation in individual monthly payments for aid to dependent children and removal or increase of such maximums for old-age assistance and aid to the blind.

Federal grants to States for general assistance to any needy person, as well as for the three special types of assistance.

Extension of Federal participation in aid to dependent children to include participation in assistance to a parent, relative, or other person who assumes responsibility for the parental care and support of any needy child and who maintains a family home for the child; such payments should be made without regard to the cause of the child's need.

Withholding approval of any State plan under the Social Security Act that contains a residence or citizenship requirement as a condition of eligibility for assistance.

Prohibition, as a condition of Federal grants, of State requirements for transferring title or control of property of an applicant or recipient to the State or locality. This stipulation would not preclude



any agency from claiming from the estate of a deceased recipient recovery of the assistance paid.

Federal participation in the costs of medical services made available to needy persons under State public assistance programs and in assistance payments to needy sick persons who reside in public or private medical institutions other than mental hospitals and tuberculosis sanatoria.

Federal financial participation in all types of welfare services administered by the staff of the public welfare agency to help families and individuals become self-supporting, make fuller use of community resources, or solve individual problems in family or community adjustments. Such services should be available, when requested, to recipients of assistance and to others not needing or requesting financial aid.

Explicit provision in the Federal act that a State, as a condition of plan approval, be required to define the standard of living to be afforded needy persons through assistance and their own resources, if any; to develop standards that will assure equitable treatment of needy persons throughout the State; and to consider, in determining the amount of assistance, only resources actually available to the individual.

Unification of the administration of State public assistance programs at both State and local levels as a condition of Federal grants.

Extension of Federal grants-in-aid for all assistance programs to Puerto Rico and the Virgin Islands.

### *Children's Services and Research in Child Life*

Legislation and appropriations providing for the progressive development of State-wide programs at a rate consistent with availability of personnel and with facilities that meet standards established under State plans, for the purpose of assuring that child health and welfare services will be available as needed for all children in all political subdivisions of each State. Provision of such services without discrimination as to race, creed, nationality, residence, citizenship, or economic status.

Development within the health and welfare programs of measures necessary to assure that children in migrant families will receive the services they need.

Priority of attention to development of programs of health, medical, and dental services for children of school age.

Safeguarding the rights of parents and children to such services by requiring that State plans provide an opportunity for fair hearing before the State agency responsible for the program, whenever a claim for care or services under the plan is denied; and adequate re-

strictions on the use or disclosure of information concerning persons applying for or receiving such services to purposes directly connected with the administration of such services.

Special provision of financial aid in the training of professional and technical personnel needed in making child health and welfare services available throughout the country.

Effective coordination of the health and welfare services for children with other health and welfare services.

Administration of the maternal and child health and crippled children's services by the same State health agency in each State by the end of a 5-year period.

Appointment by each State agency administering maternal and child health and crippled children's services of a general advisory council providing adequate representation of the public as well as of the professions.

More adequate financial implementation of the basic act of 1912 creating the U. S. Children's Bureau, to enable that Bureau to strengthen and broaden its work as a center of information related to children; to evaluate current research in the physical, biological, and social sciences that pertains to the growth and development, the health and well-being of children and young people; to assist in financing specific research projects by competent research authorities to fill in recognized gaps in these fields of research; and to undertake research and investigations that deal with the child as a whole or with specific problems that require Nation-wide study or that have Nation-wide significance to State and community health and welfare programs for children or mothers.

### *Interrelationships of Social Insurance Programs*

The Social Security Administration believes that a comprehensive program, based on a national system of contributory social insurance and supplemented by a Federal-State system of public health and welfare, is the most effective and economical method of providing the basic essentials of social security for all persons in all parts of the Nation. Covering under a single basic insurance system all the common risks that cause loss of earnings or burdensome sickness costs would make it possible not only to ensure well-rounded protection but also to establish the proper relationships between eligibility conditions, the amounts and duration of benefits, and financing of all the various programs. Moreover, with comprehensive coverage, the benefits paid would reflect more closely than at present the wage loss actually suffered, since the individual's earnings in any job he might have had would be counted in computing the benefits. Experience in the operation of old-age and survivors insurance, the most comprehensive single program of social insurance in this country, has clearly demonstrated

the feasibility of decentralized administration of a Federal program, which can give individualized services through local offices that become closely interwoven with the life of the local community. It is also possible and desirable to have advisory councils and appeals bodies in the various areas of operation. Such bodies would provide for appropriate representation of the general public, of the persons who contribute to the system, and of the professional interests of particular groups, such as the medical and related professions and the hospitals.

The Social Security Administration believes that a comprehensive social insurance system should be financed in part through a Government contribution as well as the contributions of employers and employees. A Government contribution for old-age and survivors insurance, if receipts from pay-roll taxes should become insufficient, is already authorized on the statute books. A three-way division of cost makes possible a fair assessment of the three types of responsibility inherent in social insurance—individual, industrial, and social. Since a very large proportion of the population would have protection under such a system, a Government contribution from general tax funds would be warranted. The stabilizing effects of a comprehensive and adequate system would be of importance even for persons who did not share in it directly, and public costs otherwise necessary for assistance would be gradually reduced as the insurance system took over responsibilities that must now be financed from general tax funds.

Costs of a comprehensive system of social insurance must be considered in relation to the costs that exist in its absence. Whether or not there is social insurance, substantially the same costs exist in the form of losses of earnings from sickness, disability, unemployment, old age, and death, and in medical bills. When social insurance is lacking, these charges appear in the costs borne by the unfortunate families concerned and by the public that also foots a considerable part of the bill for relief and public services, and in the loss of potential business and national income when many families are in economic distress. With social insurance, losses suffered by a part of the population are distributed over the entire population. The relatively small but regular amounts paid out in social insurance benefits have an importance far beyond their size, both for those who receive them and for the economy as a whole.

Whatever method is adopted for achieving a comprehensive social insurance system, the Social Security Administration believes that the employment security program should continue to be an integral part of a social insurance system. Only by such coordination of the entire field of social insurance can the social security program make its maximum contribution to individual and family security as well as to the stability of business and the economy in general.



In the United States, as in other countries, various measures for economic security have been established at different times and for different groups in the population. A particular cause or the plight of a particular group gains public recognition and a law is passed. In time, several laws may deal with different parts of the same problem while other serious needs go without attention and other groups are left without protection. From the standpoint of the Nation as a whole, gaps and overlaps and serious differences in the protection available to different groups inevitably result. Then comes a period, such as most of the world's democracies have been facing in recent years, in which it is necessary to reexamine the whole series of measures relating to social security, to remove inequities, fill in gaps, extend and coordinate provisions that have proved useful, and thus to work out a program that will be safer, stronger, and more effective. After 12 years of operation under the Social Security Act, the Social Security Administration believes that this country now has the information and experience necessary to strengthen social insurance in the United States and to make it comprehensive and adequate.

Such a step probably would have seemed advisable in the ordinary course of the development of the social security program. Added reason for action now is given by problems that have been intensified by the war and by the Nation's determination to secure continuing economic well-being in peace.

### *Social Security Risks and Resources in 1946-47*

Social security programs in 1946-47 reflected in their operations the continuing adaptation of the economy to peacetime conditions. With the major readjustments in the labor force completed in the previous year and civilian employment at a record level, both unemployment and the withdrawals of aged and marginal workers from the labor force tended to stabilize. As a result the total number of workers receiving unemployment benefits and the number of aged workers filing for retirement benefits under old-age and survivors insurance were smaller than in 1945-46. Awards to new beneficiaries under the latter program greatly outnumbered separations from the rolls due to death and other causes, however, and the load continued to rise. Contributions under both insurance programs exceeded benefit payments, and at the end of the fiscal year the assets of the two trust funds were at their highest levels.

Despite a record flow of national income, the average worker could buy less with his earnings in 1946-47 than in 1945-46 because of the increases in living costs. One result was a reduced ability to contribute to the support of needy relatives. This factor, in combination with less favorable employment opportunities for marginal groups in the labor

force and a marked decline in the number of families receiving monthly payments as dependents of members of the armed forces, led to a significant increase in the number of applications for public assistance. By June 1947 the wartime reduction in the number of recipients of old-age assistance and of aid to dependent children had been completely wiped out. Cases in receipt of general assistance in the same month were 46 percent higher than the wartime low of August 1945.

### Unemployment

A little over 2 million persons were unemployed during an average week in 1946-47. In a labor force that averaged 59 million persons, this volume of unemployment represented little more than the normal

MILLIONS OF PERSONS

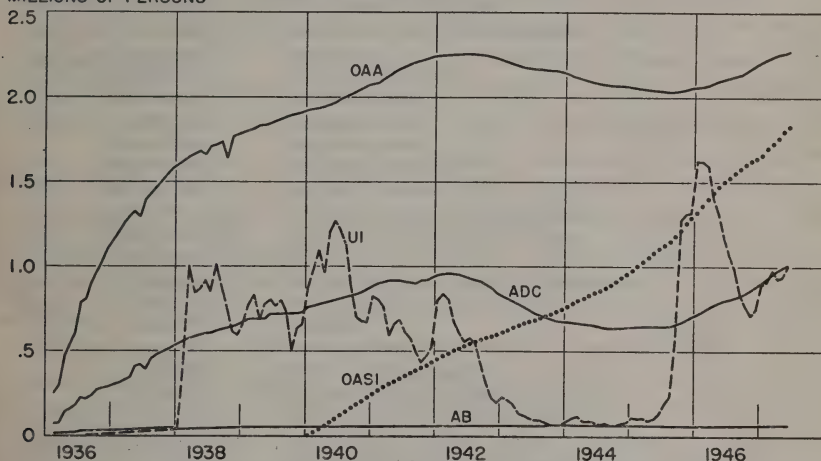


CHART 3.—Social insurance beneficiaries<sup>1</sup> and public assistance recipients under the Social Security Act, February 1936-June 1947

movement of persons between jobs. Sustained by a large-scale demand for civilian goods and services both at home and abroad, employment achieved new levels during the year. On the average, 4 million more persons than in 1945-46, and 10 million more than in 1940, had jobs. Wartime labor shortages had, however, disappeared in all but a few industries, and a seasonal pattern of unemployment emerged.

Most of the unemployed were able to turn to unemployment insurance to tide them over their jobless spell, which lasted from 1 to 2 months for the typical person out of work. Reflecting the drop in unemployment, beneficiaries of State programs declined from a weekly average of 1.6 million in January 1946, the postwar peak, to 1.0 million in June 1947. Veterans in receipt of Federal readjustment allowances

<sup>1</sup> For old-age and survivors insurance, excludes persons receiving lump-sum payments.

for unemployment decreased from 1.8 million in June 1946 to 713,000 a year later.

### *Old Age*

During the course of a year, perhaps two out of three workers are engaged in employment covered by old-age and survivors insurance. Most of today's aged persons who are not working, however, left the labor force before they could build up the right to benefits under the program, or are women married to men with few or no wage credits, or are the survivors of such men. In June 1947 fewer than one-half of all retired men aged 65 years and over and only one-fifth of all aged women who were not supported by income from employment, either as wage earners or the wives of earners, were receiving old-age and survivors insurance or payments under the special retirement systems for railroad and government workers or under the veterans' program. Aged beneficiaries under the old-age and survivors insurance program numbered 1.2 million, under the other three programs about 700,000. In the aggregate they accounted for 18 percent of the estimated 10.7 million aged persons in the country.

Not all individuals are ready to retire at age 65. The high level of employment in 1946-47 provided work opportunities for substantial numbers of aged persons. In June 1947 perhaps 3.7 million persons 65 years of age or over, or about one in three, had income from jobs either as earners or as the wives of earners. This number included about 900,000 persons who were eligible for old-age and survivors insurance but were not receiving benefits. The war demonstrated that the aged with some work capacity prefer employment to retirement. That the preference was not just a wartime phenomenon is shown by the fact that for every 10 retired workers receiving benefits 11 persons who had benefit rights were at work and not drawing benefits in June 1947.

The net growth from June 1946 to June 1947 in the number of aged persons receiving old-age and survivors insurance benefits—about 256,000—was larger by some 93,000 than the increase of 163,000 in the number of old-age assistance recipients. The rise in the assistance load was nevertheless of major proportions. In June 1947 almost 2.3 million aged persons were receiving old-age assistance, or slightly more than in June 1942, the previous peak. But whereas aged assistance recipients in June 1942 were nearly seven times as numerous as aged beneficiaries of old-age and survivors insurance, the ratio in June 1947 was somewhat less than two to one. Failure of the insurance system to close this gap more rapidly is due in no small part to the fact that limitations in the coverage of the present system have prevented many older workers from building up retirement protection. In addition, inadequate insurance benefits have caused beneficiaries in some cases



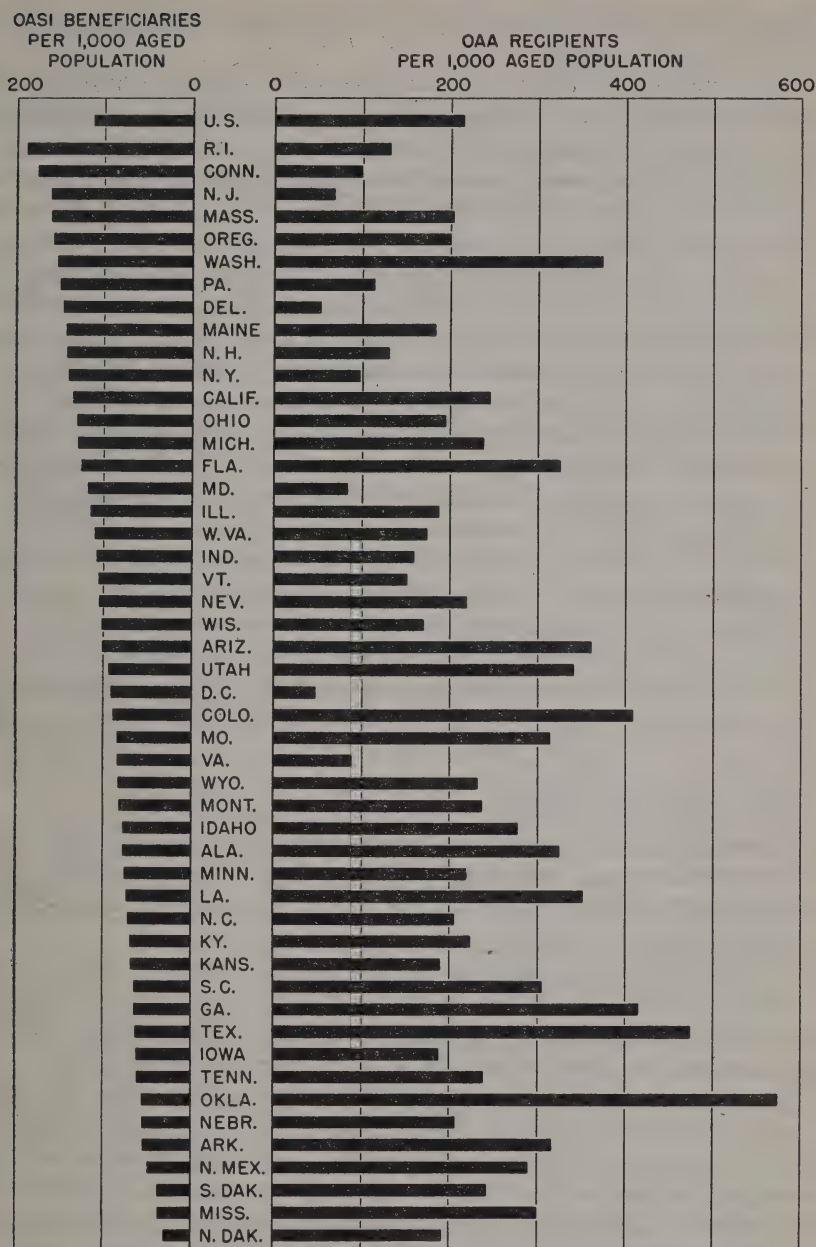


CHART 4.—Number of aged persons receiving benefits under old-age and survivors insurance<sup>1</sup> and number receiving old-age assistance per 1,000 persons 65 years and over in each State,<sup>2</sup> June 1947

<sup>1</sup> Primary, wife's, widow's, and parent's benefits in current-payment status at end of month.

<sup>2</sup> Aged population as of Apr. 1, 1947, estimated by Social Security Administration.

to apply for public assistance to supplement their meager income from the insurance program.

The changing relationships of these two programs illustrate the most significant trend in the economic status of the aged. Despite the greater job opportunities afforded during the war, few changes have occurred in recent years in the relative numbers of aged persons with income from employment. Between 1940 and 1947, 30 to 40 percent have been able to count on their own or their husbands' earnings for all or part of their support. The proportion dependent in some measure on old-age assistance has also been relatively stable, varying between 20 and 24 percent during these 7 years. The number benefiting from social insurance and related programs, however, increased about sevenfold, and their proportion in the total group rose from 3 percent to about 18 percent. In some large industrial areas, beneficiaries under old-age and survivors insurance alone comprised as much as 20 percent of the aged population in June 1947, outnumbering old-age assistance recipients in these areas by two or more to one.

This shift and the growing realization of the need for more nearly adequate benefits hold the greatest promise for the gradual improvement in the economic status of the aged envisaged when the Social Security Act became law in 1935. How high the 18 percent will grow depends in considerable measure on extension of coverage of the old-age and survivors insurance program and liberalization of the benefit formula.

### *Death of the Family Earner*

Monthly survivor insurance benefits were awarded to about one-third of the women who lost a husband in 1946-47 and were left with one or more children under 18, and to about one-half of the children under 18 who lost a father.

The corresponding proportions for the total number of widows and orphans in the population are smaller because many survivors lost husband or father before monthly benefits first became payable under old-age and survivors insurance or before he had an opportunity to acquire insured status. In June 1947, for instance, 1 in 5 of the estimated 2.7 million children whose fathers were deceased and about 1 in 10 of the 1.3 million widows with children under 18 were receiving survivor insurance. The difference in the proportions for survivors of recently deceased workers and for the total number of survivors measures in great part the gain in protection as more and more of the population acquire insured status. Gratifying as is this change for the better, there is little cause for satisfaction in the fact that, after 7 years of paying benefits, the program reaches fewer than half the young mothers who have dependent children and who become widowed during the year. Some widows, of course, do not apply for benefits because they

are in covered employment; others apply but have their benefits withheld for the same reason. The major factor limiting the proportion of survivors qualifying for benefit is, however, the exclusion from coverage of employment in agriculture, government, and several other fields. The 1946 amendments, providing benefits for survivors of veterans who die within 3 years of their discharge from the armed forces and whose survivors are not eligible for benefits under laws administered by the Veterans Administration, at best afford protection to only a small segment of the unprotected population.

Survivor protection under public auspices is available, of course, to some groups outside the basic old-age and survivors insurance program. In June 1947, about 10 percent of all fatherless children under age 18 and a like proportion of widows under age 65 were beneficiaries of the veterans' program; some others received payments under workmen's compensation legislation. The amendments to the Railroad Retirement Act passed in 1946 established a program of monthly benefits to survivors of insured railroad workers; by June 1947, benefits had been certified for some 3,000 survivor children.

In June 1947 about a million children in the country, including perhaps 300,000 paternal orphans, were receiving aid to dependent children. At the end of 1944, when the rolls reached their wartime low, 640,000 children were receiving assistance. An increase in recipients at a time when the old-age and survivors insurance rolls were also expanding suggests the presence of a large area of potential need which the insurance program cannot be expected to reach as long as coverage is limited to employees in industry and commerce. It is significant, of course, that the number of orphaned children receiving survivor insurance benefits overtook the number on the aid to dependent children rolls in 1943 and that the difference in the numbers reached by the two programs has been getting larger in each succeeding year. Aid to dependent children is by no means a declining program, however. In June 1947, 6 out of 10 children with no living father were neither assistance recipients nor beneficiaries of the old-age and survivors insurance or veterans' programs. Under adverse business conditions, more of this group are likely to be on the assistance than on the insurance rolls.

### *Disability*

The United States is unique among major industrial nations in its lack of a general disability insurance system. Compensation for wage loss due to incapacity is confined in this country to work-connected accidents or diseases in industry and commerce, to service in the armed forces, and to employment in the railroad industry or by government. Two States provide benefits for temporary disability under arrange-



ments similar to unemployment insurance and with the same coverage. In June 1947 these special systems, in the aggregate, reached very few of the 2 to 2½ million persons disabled on an average day and recently in the labor force, who but for their incapacity would be working or seeking work.

Temporary disability benefits have been available under State legislation for most workers in industry and commerce in Rhode Island since 1943 and in California since December 1946. Weekly beneficiaries averaged 5,200 in Rhode Island for the benefit year ended April 1947, and about 18,000 in California for the first half of 1947 under the State program, exclusive of several thousand under approved voluntary plans. These two programs are providing a valuable demonstration of the feasibility of temporary disability insurance under public auspices, and are developing a body of administrative practice which should prove useful to other States considering such insurance.

The permanent disability programs for railroad and government workers, linked to their old-age retirement programs, have been operating somewhat longer. Railroad workers retired for disability numbered 45,000 in June 1947. Somewhat more than 50,000 retired government workers were receiving disability payments, including about 30,000 former Federal workers and about 25,000 former employees of State and local governments. Some of these retirants were 65 years of age or older. Under legislation enacted in July 1946, temporary disability and maternity benefits for railroad employees were scheduled to begin in July 1947.

Two public programs in 1946-47 provided benefits for both long-term and short-term disability—the program for veterans, and workmen's compensation. The first goes back to the earliest days of the Republic and has always been the largest of the disability systems under public auspices. In June 1947 more than 2 million former members of the armed forces, the great majority veterans of World War II, were receiving pensions or compensation for disability. About 275,000 had a disability rating of 80 percent or more.

Workmen's compensation, the second disability program in point of size, has been available in some States for 35 years. Approximately \$258 million was paid out in cash benefits for disability in 1946. Data on the number of beneficiaries in the Nation as a whole are unfortunately not available.

Public assistance is provided in all States to specified groups of the disabled who are needy or to their families. In June 1947 some 79,000 persons were receiving aid to the blind under federally aided programs in 47 States, and under wholly State-financed programs in 3 States. Payments for aid to dependent children, financed in part with Federal funds, went to the families of about 75,000 incapacitated men. Since 1945, Wisconsin, under special legislation,

has been providing aid to needy persons who are totally and permanently disabled; such recipients numbered fewer than 1,000 in June 1947. A substantial proportion of the 335,000 cases on general assistance in the United States in that month included adults whose working capacity was impaired by illness or disability.

The temporary disability programs—workmen's compensation, the railroad program, and the plans in effect in California and Rhode Island—compensate less than 5 percent of the \$5 to \$6 billion wage loss due to temporary disability (disability lasting up to 6 months). A similar proportion is covered by payments under health and accident insurance policies. Some of the wage loss is offset by paid sick leave. Most of the wage loss, however, goes uncompensated. Hence the urgency of a national disability insurance program, recommended for adoption by President Truman in a message to Congress in November 1945 and again in May 1947.

### *Medical Care*

Our social security structure is weak in yet another respect, the lack of provision for meeting the cost of medical care on a prepaid social insurance basis. When the family earner falls ill, not only does wage income usually stop but costs are incurred which in cases of severe and prolonged sickness often wipe out all the resources of a family and force it into serious debt.

Perhaps two out of three persons with a major illness need help from others to pay for it. Reluctance to exhaust savings and to borrow against future earnings makes many individuals forego medical attention when it can be most effective, in the early stages of sickness. The result, over the years, is more illness than is justified by the extent of our medical skills, and more personal economic crises than our potential efficiency warrants.

The risk of incurring expenditures for medical care has certain characteristics in common with the risks of disability and the death of the family earner. For all three risks the annual burden on the Nation as a whole can be predicted with a reasonable degree of accuracy. The particular individuals who will be affected, on the other hand, cannot be ascertained in advance. It is known, for instance, that about 4 or 5 percent of the national income is spent on medical treatment furnished by doctors, dentists, and other practitioners, on hospital care, drugs, and appliances, and on public health and medical services by governmental agencies. Perhaps three-fourths of this outlay represents payments by patients or their families to practitioners or agencies providing individualized service. Very few families, on the other hand, budget as much as 3 or 4 percent of their income for health purposes and, when essential care

absorbs 10, 20, or even a larger percent of the family's income, acute readjustments in family living standards become necessary.

In other risks, knowledge of the cost to the population as a whole but lack of knowledge concerning its distribution forms the basis for an insurance approach to the problem. An appreciation of the value of insurance led in the second decade of the present century to the abandonment of the old employers' liability law for workmen's compensation. Today all States but one have legislation under which employers in industry and commerce may, and in some States must, insure the cost of treatment for work-connected injury and disease. Similar considerations have stimulated the development of voluntary insurance against the costs of medical and hospital care for nonoccupational illness. In June 1947, about 26 million persons, or 1 in 5 in the United States, were members of voluntary prepayment hospital service plans, and nearly 8 million persons, including some with prepaid hospital coverage, were covered for some or most of the costs of their medical care through voluntary prepayment medical care plans. At the beginning of 1947, about 10.5 million persons, including dependents, were covered to some extent for hospital expenses through group contracts issued by commercial insurance companies; about 8 million of these policyholders and dependents were also covered for surgical expenses through commercial group policies.

Valuable as these developments have been, they fall short of meeting the need of the American people for a comprehensive health insurance program. Only a minor proportion of the total volume of illness is of work-connected origin. The voluntary plans offer partial protection, at best, in the great majority of cases to which they apply. Despite their rapid growth in recent years they fail to reach most of the population, especially those most in need of prepaid care.

In a special message to Congress in November 1945 President Truman proposed the adoption of a long-range health program for the Nation, including provision for a national health insurance system. The need for health insurance was stressed by the President in his message on the state of the Union, his budget message, and his economic report submitted to the new Congress in January 1947. On May 19, 1947, in another special message, the President reaffirmed his belief in the importance of national legislation to establish health and disability insurance. Such insurance, he said, forms an integral part of a broad national plan that includes as well an expansion of the Nation's public health services, the construction of additional hospitals, and added support for medical education and research.

Wide public interest in the issues involved has focused for the past year on the hearings conducted by the Senate Committee on Labor and Public Welfare (formerly Labor and Education) on bills embody-



ing the President's recommendations or offering alternative proposals. Two major viewpoints have emerged from the testimony offered. One sees medical care costs as a problem for a relatively small group in the population, and proposes Federal aid to the States to help them provide free or part-free medical care to needy persons and persons of low income. Persons in moderate or better circumstances are expected to make their own arrangements, as at present.

In the other view, the problem exists for the great majority of people and cannot be solved by measures which condition eligibility for service on a means or income test. The indicated remedy must be sufficiently broad in coverage to reach eventually all the people in need of medical care; it should make provision for their participation in its cost. These specifications, in the opinion of the Social Security Administration, point to health insurance.

Health insurance, in essence, is merely a different method of paying for medical care, but it has a basic advantage over existing methods of individual payment. It enables families that are normally self-supporting to pay for the medical care they need through small, regular contributions to a fund from which payments are made to the hospitals, doctors, and others who furnish services to those who need them. By removing the economic barrier, it can make medical care readily accessible when and as it is needed. With a comprehensive system of insurance, covering all wage earners and their dependents, between 85 and 90 percent of the entire population could be protected. Agreements with State public assistance agencies and other groups could extend this protection to nearly all the remaining 10 or 15 percent.

With assurance that medical bills will be paid, patients will be freer to seek the care they need, and hospitals and medical practitioners will be freer to make use of the best that modern science has to offer and will have new incentive and opportunity to improve standards of medical service. Health insurance would encourage the expansion of medical personnel and facilities in areas now inadequately served because of the cost barrier. A considerable stimulus could thereby be given to the construction of needed hospitals and health centers and to the training of additional physicians, nurses, and other medical practitioners and their location where they are needed. At the same time, existing personnel and facilities could be utilized to the full, under conditions that preserve free choice by doctor and patient and that provide alternative methods of remuneration for professional services.

Such a health insurance program, the Social Security Administration believes, should be national in scope, to avoid the disadvantages inherent in State inequalities in fiscal resources, to encourage better distribution of medical personnel and facilities, to provide continuity

of insurance protection for persons who move across State lines, and to reduce recordkeeping to a minimum. In its administration, however, health insurance can and should be highly decentralized, with emphasis on adaptation to local needs and conditions. A comprehensive national system could authorize use of State and local official agencies—as well as private agencies, when they can contribute to administrative efficiency and economy—in administering the program, and it could also make use of public and private agencies, facilities, organizations, groups, and individuals in furnishing services to insured persons. In any event, subject to national standards, administration of benefits should be decentralized under arrangements worked out locally with doctors, hospitals, and others concerned. To assure maximum utilization of professional skills and experience, provision should be made for the participation by professional groups in the determination of policies in each area of administration—national, State, and local.

Health insurance, in these terms, is not socialized medicine. Socialized medicine is a public salaried medical service. Health insurance, on the other hand, uses the existing system of private competitive practice. Instead of direct payment by the individual to physician or hospital, payment is made out of an insurance fund to which all insured persons have contributed and from which they all benefit. Under such a system the patient is and should be free to choose his doctor from all who elect to participate in the system and to change doctors if he wishes. Doctors also are and should be free to reject patients. Individual doctors and groups of doctors would be free to choose the method by which payments should be made to them from the insurance fund. Moreover, such a system of health insurance need not, and in the opinion of the Social Security Administration should not, supplant many existing group arrangements for medical care for persons who may wish to use the services they offer.

The present debate concerning the best method of attacking the problem of adequate medical care for wage earners and their families is taking place against a background of increasing acceptance of governmental responsibility in the field of health. During the nineteenth century, Federal health functions were confined chiefly to quarantine activities and the medical care of members of the armed forces, disabled veterans, other wards of the Federal Government, and seamen. Today such functions include, in addition, grants to States for public health services, venereal disease control, tuberculosis control, maternal and child health services, and care of crippled children; grants-in-aid to universities, hospitals, and laboratories for research; demonstration projects in the fields of nutrition and the control of heart disease and diabetes; research in cancer, infectious diseases, physiology, and

industrial hygiene; and medical care of Federal employees with work-connected injuries and of lepers and drug addicts.

Most recent additions to these functions are grants-in-aid to the States for hospital surveys and construction, and for demonstrations and training in mental hygiene. By the end of June 1947, 41 States had submitted requests for funds for hospital surveys under the Hospital Survey and Construction Act of 1946.

This expansion in the Government's health activities reflects a growing realization of the Nation's stake in the health of the American people. The current differences of opinion on methods of solving the economic problems of medical care are of value in highlighting the seriousness of those problems and in setting the stage for the next advance—effective action to provide protection against insecurity caused by sickness.

## OLD-AGE AND SURVIVORS INSURANCE

FOR THE FIRST TIME since the Social Security Act Amendments of 1939, Congress in 1946 gave general consideration to proposed changes in the social security programs. The resulting amendments of 1946 helped meet one of the serious gaps in old-age and survivors insurance by instituting protection for the survivors of certain veterans of World War II, and made a number of technical improvements in the program. Further substantial revisions were left for additional congressional study and future action.

In 1946, the first full year of postwar production, the number of persons who earned wages in covered employment exceeded the 1943 wartime peak. Also, the total amount of 1946 taxable wages exceeded the 1944 high. By January 1, 1947, more than 8 million persons were permanently fully insured, which means that they or their survivors can qualify for benefits regardless of the workers' future covered employment. More than 33 million other workers were either fully or currently insured. By the end of the fiscal year, 1,832,000 beneficiaries were actually receiving monthly payments. Monthly benefits and lump-sum payments certified in the fiscal year reached the record total of \$435 million. However, because of the limited coverage of the program, out of a labor force of about 60 million, some 15 or 20 million at the beginning of June 1947 were in jobs that provided no credit toward old-age and survivors insurance.

### *Old-Age and Survivors Insurance in 1946-47*

#### *Amendments of 1946*

The Seventy-ninth Congress during much of the first half of 1946 carried out an extensive study of the need for amendments to the



Social Security Act. The Ways and Means Committee of the House of Representatives and the Senate Finance Committee decided not to recommend major changes but to concentrate on certain provisions. These recommendations were embodied in a bill which was signed by the President on August 10, 1946. Reports of both committees on that bill, however, recognized the need for early action toward extensive changes in the old-age and survivors insurance program.

One of the provisions of the Social Security Act Amendments of 1946 was a new section of the act (section 210) to provide special protection to survivors of certain veterans of World War II for a period of 3 years following their discharge from military service. Before the adoption of the new section there had been a serious gap in the protection afforded by old-age and survivors insurance to millions of persons who had served in the armed forces during the war. They had been inducted from civilian life, often from employment covered under old-age and survivors insurance. Since their service in the armed forces was not covered by the program, not only were they unable to build up their benefit rights further while in the service but in many cases, because insured status is based on length of covered employment, they actually lost whatever protection they had previously acquired.

As long as they remained in military service the situation was not serious, because the survivors of persons who die while in service are generally eligible for monthly benefits under laws administered by the Veterans Administration. Such benefits are not payable, however, if the veteran died after discharge, unless he had incurred a service-connected disability. Hence the most immediate need of the World War II veteran was for some form of protection for his dependents during the period immediately after his discharge from service, when he would no longer be protected under existing veterans' legislation and would not have had time to regain or acquire insured status under old-age and survivors insurance by working in covered employment.

Under the new section 210, a veteran who meets certain service requirements and who dies within 3 years after discharge from service is deemed to have died a "fully insured" individual with an "average monthly wage" of not less than \$160. Thus, in most cases, the survivors of a veteran who dies within 3 years after discharge are assured of benefits under old-age and survivors insurance. These benefits are not payable if the survivor is eligible for compensation or pension under laws administered by the Veterans Administration. Three years was considered sufficient to allow the veteran to regain insurance protection on the basis of his earnings in civilian employment. Adoption of section 210 thus bridges one gap in the protection of veterans.

Of even greater significance were the 1946 amendments in the railroad social insurance system. As a result of these amendments, rail-

road workers now have the benefit of a well-rounded program which includes old-age, survivor, disability, unemployment, sickness, and maternity insurance. Moreover, the new survivor benefits provided for railroad workers are coordinated with the survivor benefits payable under old-age and survivors insurance. Thus the amendments to the Railroad Retirement Act have had a direct effect on the old-age and survivors insurance program.

Under the new provisions, upon the death of an individual who had both railroad employment and employment covered under old-age and survivors insurance, the wages earned in both types of employment will be combined in determining the eligibility of his survivors for benefits and the amount of the benefits. Benefits based on earnings under both systems will be payable under only one system. In general, if the wage earner had railroad employment during a specified period before his death, the railroad system will pay the benefits; otherwise they will be payable under old-age and survivors insurance.

Before this amendment the survivors of a railroad worker could generally receive only a lump sum. Thus the present law represents a substantial increase in the security of railroad workers. In addition, the security of workers regularly covered under old-age and survivors insurance has been enhanced in that benefits for their survivors will be increased by inclusion of credits from any earnings in railroad employment. Moreover, the provision for coordination avoids the gaps and duplications in protection which would otherwise exist. With two separate and uncoordinated systems, the survivors of an individual could in some cases fail to qualify for benefits under either, even though the wage earner had spent a substantial aggregate amount of time in covered jobs. Some individuals, on the other hand, might qualify for substantial benefits under both systems. Perhaps the most frequent case would be that of the person who would qualify for unduly small benefits under one system because all his employment could not be taken into account. The new law eliminates these inequities.

Certain problems in the relationship of the two programs still remain, however. No action has yet been taken to coordinate the retirement benefits of the two programs, so that gaps and duplications in protection can still occur in that area. This problem is discussed later in this chapter.

The Social Security Act Amendments of 1946 also corrected certain minor flaws and inequities in the old-age and survivors insurance program, simplified its administration, and provided minor liberalizations of qualifying conditions. A great saving of time for field office personnel, for example, will result from the fact that the nonfeasibility of school attendance for beneficiary children aged 16 or 17 no longer has to be established.

The number of separate claims for lump sums has been reduced by making the spouse who was living with the worker at the time of his death the only relative to whom a lump sum can be paid without regard to payment of funeral expenses. It is no longer necessary to obtain claims from several children when one child has paid for the funeral, or from both parents of a wage earner when the father has met the expenses and applies for the lump sum. In 1946, 134 awards had to be made for every 100 deceased wage earners on whose wage record a lump sum was paid. By the second quarter of 1947, payments were being awarded to only 112 persons for every 100 wage earners.

Persons who experienced wartime difficulties with overseas communications can now receive lump-sum benefits not previously paid on the wage records of insured wage earners who died abroad after December 6, 1941, and before August 10, 1946, provided they file claims within 2 years of the latter date.

Many eligible persons who reach retirement age lose benefits because they do not file claims promptly. In such cases it is now possible to pay up to 3 months' benefits retroactively. Under another amendment, beneficiaries may now have their monthly payments computed at the highest amount to which their wage records would have entitled them at any time since they first reached age 65 and became eligible for benefits.

The 1946 amendments changed the definition of a dependent parent from one who was "wholly" to one who was "chiefly" supported by a wage earner. Largely as a result of this revision, 1,975 parent's benefits were awarded in the first half of 1947, as compared with 1,767 for the whole year of 1946.

The definitions of "wife" and "child" were liberalized to provide that, in the case of a retired worker, the wife, stepchild, or adopted child may qualify for supplementary benefits if the marriage or adoption had occurred 36 months before the worker filed for benefits; for surviving dependents, the relationship must have continued for 12 months before the wage earner died.

Further protection to children was afforded by a provision making it possible to continue paying benefits to an orphan adopted by a grandparent, stepparent, aunt, or uncle after the wage earner's death.

The amendments also allow the quarter in which the worker dies, if it is a quarter of coverage, to count toward currently insured status.

### *Workers and Their Wage Credits*

The estimated 3 million persons who received their first wage credits in the calendar year 1946 brought the total number of persons who had received wage credits during the first 10 years of the insurance program to 79.5 million. An estimated 75.5 million of them were



living at the end of 1946; they included nearly 2.8 million persons aged 65 and over.

In 1946, the first full year of postwar production, the number of persons who worked in covered employment at some time during the year—estimated at 49.5 million—was 3.1 million more than in 1945 and almost 2 million more than at the wartime peak in 1943.

Total wage credits reached an all-time high of \$67.8 billion in 1946—an amount 7 percent above the previous record of \$63.4 billion in 1944. The average taxable wage per worker was \$1,370, almost the same as in 1944.

### *Insurance Status*

An estimated total of 34.7 million living workers were fully insured for old-age and survivor benefits at the beginning of 1947.<sup>1</sup> Of these,

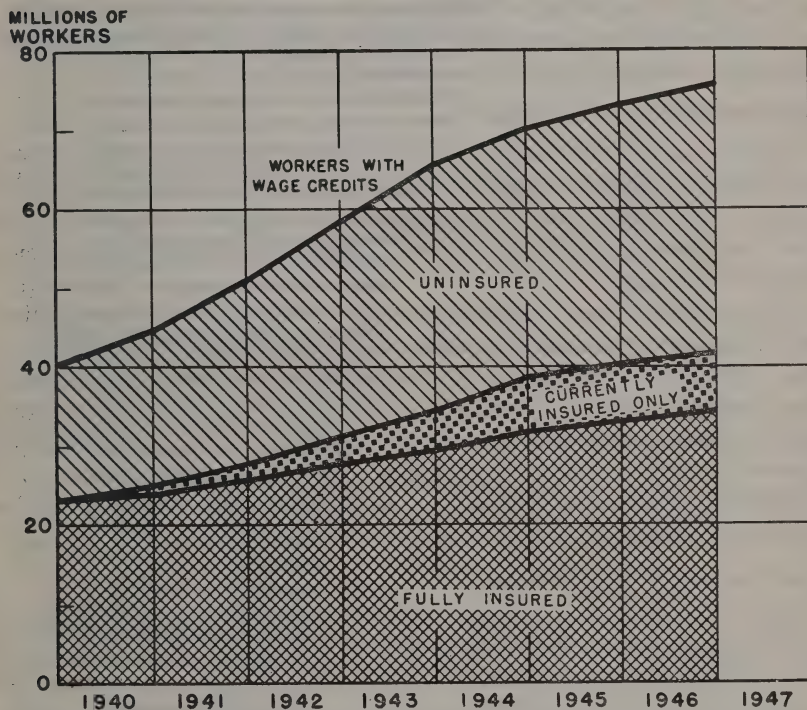


CHART 5.—Living workers with wage credits under old-age and survivors insurance, by insurance status at beginning of year, 1940-47

approximately 8.2 million persons had acquired sufficient quarters of coverage to remain fully insured throughout their lifetime without further covered employment. This number included 1,588,000 work-

<sup>1</sup> Not including veterans who were deemed fully insured under section 210 only.

ers aged 65 and over, of whom 702,000 were currently receiving benefits; the remaining 886,000 were not receiving benefits, for the most part because they were still working in covered jobs.

In addition to the 34.7 million fully insured, 6.7 million living workers were currently but not fully insured on January 1, 1947. These 41.4 million insured persons comprised 55 percent of all workers who were living on January 1, 1947, and had held covered jobs at any time during the 10 years 1937-46.

A large majority of the uninsured workers with wage credits had been in covered jobs for only a brief period. Many were young people under 20 years of age who had recently entered covered jobs. A considerable proportion were women who had withdrawn from covered employment, many of whom probably were no longer in the labor force. The uninsured workers had received cumulative wage credits by the beginning of 1946 that averaged only \$821 per worker, as compared with an average of \$10,000 for fully insured workers and \$4,211 for workers currently insured only.

### *Applicants for Account Numbers*

Slightly more than 3 million new accounts were established in 1946, bringing the cumulative total of accounts at the end of the year to 86.8 million. An estimated 77.5 million were living persons aged 14 and over, constituting slightly more than 71 percent of the estimated population in those ages.

The number of new accounts issued in 1946 continued the decline which had occurred each year after the wartime peak of 7.6 million in 1942. As a result of the large number of applications for accounts from veterans and the curtailment of inductions into the armed forces, men and boys represented a larger proportion of all applicants (47 percent) than in any other year since 1941. The 93,000 accounts established for persons aged 60 and over, on the other hand, represented the smallest number on record.

### *Beneficiaries and Their Benefits*

From 1.5 million on June 30, 1946, the number of persons actually receiving monthly benefits rose steadily each month of the fiscal year to 1.8 million on June 30, 1947; the amounts paid in benefits increased correspondingly from \$28.2 million to \$35.1 million. Of the 1.8 million beneficiaries, 43.5 percent were retired aged workers, 13.4 percent were wives of these workers, 8.0 percent were aged widows of deceased workers, 27.2 percent were children of retired or deceased workers, 7.4 percent were widows who were caring for children entitled to benefits, and 0.5 percent were aged parents of deceased workers who had left no widow or child who could become entitled. In all, persons 65 years or over comprised 65.4 percent of the total group receiving benefits at the end of the fiscal year, as against 62.7 percent on June 30, 1946.

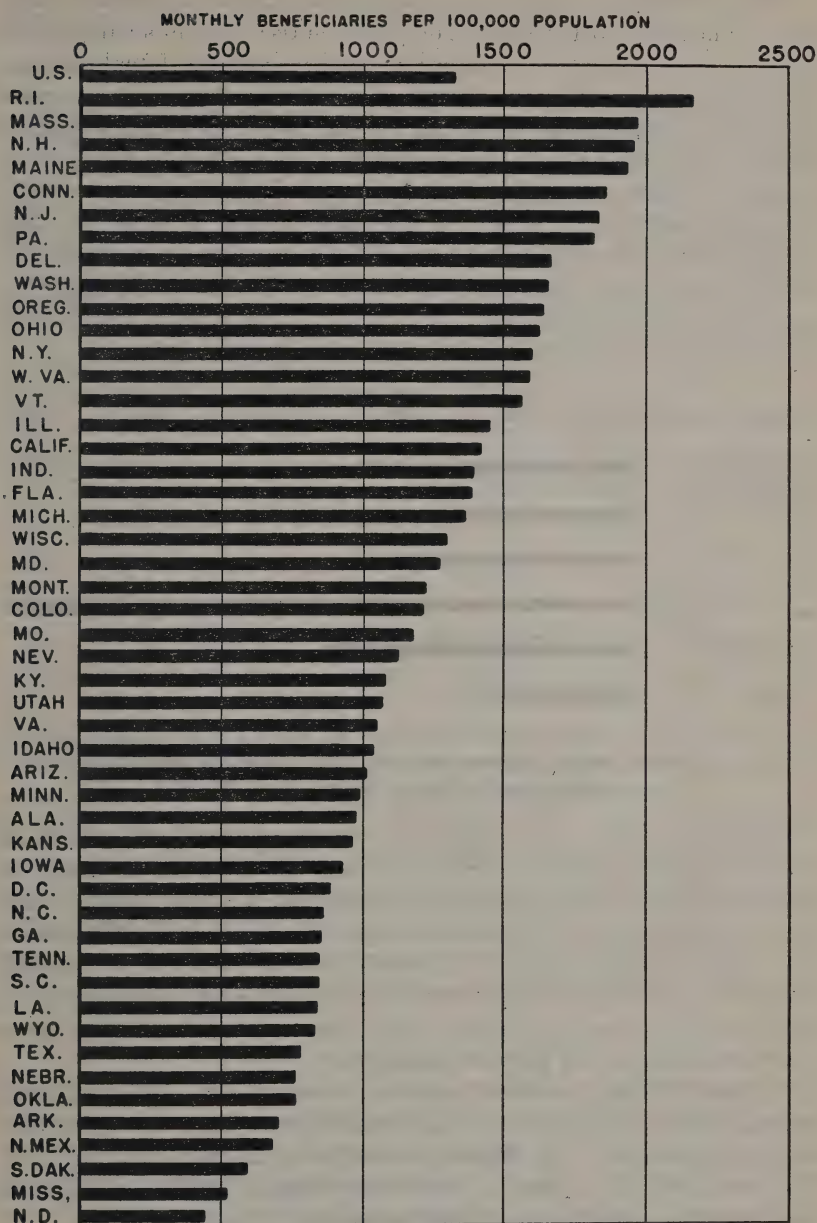


CHART 6.—Number of persons receiving monthly benefits under old-age and survivors insurance, June 30, 1947, per 100,000 population in each State<sup>1</sup>

<sup>1</sup> Total civilian population as of July 1, 1946, from the U. S. Bureau of the Census.



The 1.8 million beneficiaries represented 1.2 million different families. The male worker was the only person receiving monthly benefits in 35 percent of the total number of families and the female worker, in 8 percent. Families consisting of a retired worker and his aged wife, both of whom were receiving benefits, made up 20 percent of the total. Families in which the beneficiaries were a widow only, or one or more children, or a widow and one or more children, each accounted for approximately 12 percent of the total number of families. The average family benefit ranged from \$13.10 for a family in which only one child was receiving a survivor benefit to \$39.20 for a family composed of a retired worker and his aged wife and to \$51.80 for a family consisting of a widow and three or more child beneficiaries.

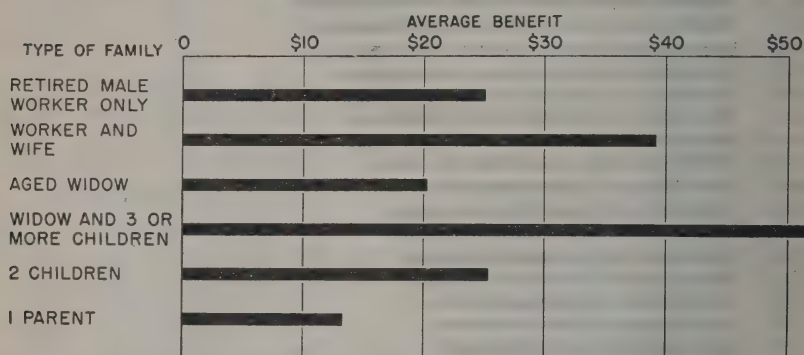


CHART 7.—Average monthly old-age and survivors insurance benefits in current-payment status, by type of family, June 30, 1947

Monthly benefits and lump-sum payments certified in 1946-47 reached the record total of \$435 million. Most of the increase was accounted for by the \$406 million certified for monthly benefits, since the \$29 million for lump-sum death payments was only slightly greater than the amount in 1945-46. The \$265 million certified for payment of monthly benefits to retired workers and their aged wives and young children represented 61 percent of the total amount certified, a larger proportion than in any previous fiscal year.

The \$435 million included payments to survivors of World War II veterans under section 210 of the Social Security Act, which were first made in September. In the last 10 months of the fiscal year, \$1.3 million was certified for monthly survivor benefits and \$1.6 million for lump-sum death payments under this section.

Beginning with January 1, 1947, survivor benefits based on a deceased worker's combined earnings from employment covered by either the old-age and survivors insurance system or the railroad retirement system became payable. By June 30, benefits had been awarded under

old-age and survivors insurance to survivors of more than 1,600 deceased workers who had earnings under both programs.

### *Appeals*

During the fiscal year, 1,658 requests for hearings were filed; those requests voiced appeals from administrative decisions concerning eligibility for benefits, benefit amounts, suspension of benefit payments, or amounts of wage credits. In addition, 217 appeals were carried over from the preceding year. Hearings were completed in 1,519 appealed cases during the year, and the referees disposed of 1,500 cases, including some heard previously. Approximately one-third of these decisions modified, in the claimants' favor, the original determinations of the Bureau of Old-Age and Survivors Insurance. At the close of the fiscal year, 22 civil actions concerning old-age and survivors insurance claims were pending in the courts; 7 of the 9 such cases decided during the year upheld the Administration's position. Of the 35 court decisions that have been rendered since the appeals provisions of the 1939 amendments went into effect, 27 upheld the Administration's action.

### *Administrative Developments*

Recent decisions of the United States Supreme Court strengthened the position of the Social Security Administration concerning the concept of the term "employee." Because that term is not defined in the Social Security Act, it has been variously interpreted by the courts and by the agencies administering the benefit and tax provisions of the law. In the past, situations involving the question whether an employer-employee relationship exists have been resolved by a strict application of the common law "control test." The Social Security Administration has long felt, however, that such determinations were unduly restrictive because they failed to consider the purpose for which the statute was enacted and the economic relationship of the alleged employee to the individual or organization for which he performed service.

In its decisions in the cases of *United States v. Silk*, *Harrison v. Greyvan Lines, Inc.*, and *Bartels v. Birmingham*, the Supreme Court pointed out that, in the application of social legislation, employees are those who as a matter of economic reality are dependent upon the business to which they render service. In the *Silk* case, the Court held that the employer-employee relationship, which determines the liability for employment taxes under the Social Security Act, was not to be determined solely by the degree of control that an alleged employer might or could exercise over the details of the service rendered to his business by the worker or workers. In addition to that factor, the Court held, administrative and judicial determinations as to the

coverage of the Social Security Act must consider the permanency of the relation, the skill required in performance of the work, the investment in the facilities for work, and opportunities for profit or loss from the activities. Moreover, the Court further indicated, this list of factors is not necessarily complete and no single factor is controlling. Rather it is the total situation that must be considered.

These decisions by the Supreme Court should be helpful in making status determinations in the future. They should enable the Social Security Administration to include in coverage all service relationships that fall short of being bona fide independent businesses. The helpfulness of these decisions would not be lessened if coverage were extended to the self-employed. Distinguishing between employees and self-employed persons would remain important, though the issue would concern primarily the manner in which contributions are to be made and the amount of such contributions, rather than the absence or presence of protection under the program.

Legislation enacted during the early part of the fiscal year necessitated the formulation of new regulations and procedures and the training of personnel to apply them. The addition of section 210 required coordination of policy and procedures with the Veterans Administration and the various departments of the armed forces and establishment of procedures within the Bureau of Old-Age and Survivors Insurance for handling veterans' cases. Close working arrangements were also made with the Railroad Retirement Board to correlate the administration of benefits to survivors of railroad workers, including interchange and combinations of earnings records for computing insured status and benefits, and agreement on the technical details of the development and adjudication of claims involving railroad employment. The Social Security Administration will continue payments to beneficiaries transferred to the railroad retirement system until their applications for annuities under that system are finally adjudicated. In making such payments the Administration is considered as acting on behalf of the Railroad Retirement Board, with the understanding that the Board is to reimburse the Administration for all payments so disbursed. On final adjudication of the annuitant's claim under section 5 of the Railroad Retirement Act, any balance due him is paid, or excess amounts are set off against future payments, by the Railroad Retirement Board.

During the war years, many potential claimants in foreign countries were prevented from filing timely applications for benefits and lump sums, and field offices had accepted applications filed on their behalf without commitment as to the effect of such filing. The Administration ruled, early in the fiscal year, that such an application filed before January 1, 1947, would be effective to establish the filing date if the claimant himself filed a claim before January 1, 1948.



Protection was also extended during the fiscal year 1947 to other claimants who fail to file timely applications for benefits. According to Bureau studies, persons who inquire about benefits payable to them, or to a close relative, sometimes fail to file an application at once on the standard form, when there is some doubt about their eligibility. As a result they may lose some months' benefits if it develops later that they were eligible. The Bureau makes a record of the request, and the date the record is prepared may now, under certain conditions, be used as the effective date of filing an application. Illustrative of the groups so protected are the survivors of veterans or former railroad workers whose right to payments from the Veterans Administration or the Railroad Retirement Board is uncertain at the time they request benefits under old-age and survivors insurance.

Preparation of a digest of selected rulings of the Office of the General Counsel and the Bureau of Old-Age and Survivors Insurance, and of Appeals Council and court decisions, was begun this past year.

In March and April 1947, temporary offices were established and special procedures were devised to speed up the handling of claims resulting from the Centralia Mine and Texas City disasters. The first benefit checks in the Texas City disaster, for example, were delivered just 11 days after application was made.

### *Administrative Costs*

The rolls of beneficiaries entitled to monthly payments have grown steadily since monthly benefits became payable in 1940. On June 30, 1947, the number of beneficiaries receiving monthly benefits exceeded the total in June 1946 by 22 percent; monthly benefits and lump sums certified for payment during the fiscal year 1947 totaled 29 percent more than during the preceding year. The 772,000 monthly benefits and lump-sum payments awarded during the year were only slightly fewer than the preceding year's record high of 787,000. An all-time high was reached in the number of suspensions, reinstatements, changes of address, and other actions required in maintaining the benefit rolls. The volume of work in establishing and maintaining accounts of employees was about 4 percent heavier than in the fiscal year 1946.

The total administrative cost directly attributable to the old-age and survivors insurance system during the fiscal year 1947 equaled 2.8 percent of the contributions received during the year, while it represented 9.6 percent of benefit payments. This total included costs incurred by the Treasury in collecting contributions under the Federal Insurance Contributions Act, managing the trust fund, and issuing benefit checks, as well as all administrative costs of the Bureau of Old-Age and Survivors Insurance and the Appeals Council and all

other costs of the Social Security Administration and the Federal Security Agency directly attributable to the program.

The Bureau's administrative costs have declined from 2.6 percent of contributions collected in the fiscal year 1941 to 1.9 percent in 1947. These costs included expenses of the central offices of the Bureau in Baltimore, the greater part of which represented the costs of maintaining centralized wage records of the 86.8 million accounts established as of January 1, 1947, in addition to the administrative costs of 6 area offices, 464 field offices, 6 branch offices, 2,052 itinerant stations, and 13 detached official stations.

During the fiscal year, 184.6 million wage items and 9.8 million tax returns were received from about 2.8 million employers.

### *Financing the Program*

In August 1946, Congress acted (Public, No. 719, 79th Cong., 2d sess.) to extend through the calendar year 1947 the 1-percent contribution rate on taxable wages payable by workers and employers since the beginning of the program. This action postponed the scheduled increase in the contribution rate to  $2\frac{1}{2}$  percent.<sup>2</sup>

At the end of the fiscal year 1947, assets of the Federal old-age and survivors insurance trust fund totaled \$8,798 million, an increase of \$1,157 million during the year. Appropriations of contributions under the Federal Insurance Contributions Act amounted to \$1,459 million, more than in any previous fiscal year, while interest on investments totaled \$163 million. Disbursements from the fund amounted to \$426 million for payment of benefits and \$41 million for administrative expenses in the Social Security Administration and other Federal agencies. Except for \$56 million set aside to meet current withdrawals, all assets in the trust fund on June 30, 1947, were invested in Government securities at an average interest rate of 2.078 percent.

No contributions are collected to finance benefits paid survivors of veterans under section 210. However, paragraph (d) of the section authorizes appropriations to the trust fund "from time to time [of] such sums as may be necessary to meet the additional cost, resulting from this section, of the benefits (including lump-sum death payments) payable under this title." By June 30, 1947, additional benefit payments under section 210 totaled \$2.9 million, and discussions were under way with the Bureau of the Budget concerning an appropriation to the trust fund for such payments.

Although the 1946 amendments to the Railroad Retirement Act have no specific provision for the allocation of costs between the rail-

<sup>2</sup> The Social Security Act Amendments of 1947 held the contribution rates at 1 percent through 1949, and provided for rates of  $1\frac{1}{2}$  percent in 1950 and 1951 and 2 percent beginning in 1952.

road retirement and old-age and survivors insurance systems, the legislation stipulates that not later than January 1, 1950, the Railroad Retirement Board and the Federal Security Administrator "shall make a special joint report to the President to be submitted to Congress, setting forth the experience of the Board in crediting wages toward awards," and the experience of the Social Security Administration in crediting compensation toward awards "and their recommendations for such legislative changes as are deemed advisable for equitable distribution of the financial burden of such awards between the retirement account and the Federal old-age and survivors insurance trust fund."

### *Improving the Program*

Changes brought about by the legislation enacted in 1946 strengthened the program and in certain instances increased the protection offered. But the testimony before the House Ways and Means Committee in hearings that preceded the passage of the Social Security Act Amendments of 1946 brought out the need for extension of old-age and survivors insurance coverage and the desire of persons now excluded to be brought under the system, and the value of a fundamental review of all phases of the program. In the light of those hearings and after years of careful study of the extent to which the insurance program is meeting the best interests of the people for whom it exists, the Social Security Administration is increasingly convinced that the program should be substantially amended if it is to supply an adequate measure of security for the American people.

### *Extension of Coverage*

Old-age and survivors insurance has already attained a significant place in the economic and social life of the Nation. Nevertheless the unfavorable effects of the limited coverage of the program are apparent. Of 75.5 million living persons with wage credits at the beginning of 1947, 34.1 million, or more than 2 in 5, were neither fully nor currently insured on the basis of their wage records and hence not protected under the program.

Of the 41.4 million individuals who had insured status at the beginning of 1947, 8.2 million persons were permanently insured. Even if these workers were to leave covered employment permanently, they will be eligible for retirement benefits at or after age 65; and in the event of death, their survivors will qualify for monthly benefits or lump-sum death payments. Even for these workers, however, shifting from covered to noncovered occupations has disadvantages. Any time spent in noncovered employment will result in a reduction of their "average monthly wage" and, consequently, of the amounts they



will receive when they or their families become eligible for benefit payments.

More than half of the persons who were permanently insured as of January 1, 1947, had acquired that status by earning 40 "quarters of coverage" in covered employment. The rest, who had acquired permanently insured status with fewer than 40 quarters, were all 55 years of age or older on January 1, 1947. As the program matures, a larger proportion of the permanently insured individuals will be young men or women who have obtained the full 40 quarters. Many of them are likely to become employees in noncovered occupations or go into business or professional practice of their own. They will thereby reduce the amount of the monthly benefits to which they will become entitled.

For the 33.2 million who, as of January 1, 1947, were either fully or currently insured but who had not acquired permanently insured status, leaving covered employment will not only reduce their future benefits but may actually wipe out their and their survivors' rights to benefits under the program.

Extension of the system to include noncovered occupations would eliminate the inequities resulting from the division of the economic system into covered and noncovered segments and would afford protection to millions of workers now covered for only a portion of their gainful activity.

Experience gained in operation of the system for more than a decade indicates that the excluded groups can successfully be brought into the present program. After prolonged study of the ways in which extended coverage could be administered, several feasible plans have been developed for including the group that at the beginning seemed to offer the most serious administrative problems—nonfarm self-employed persons, farm operators, farm workers, and household workers. The Social Security Administration is convinced that coverage of all excluded groups is socially and economically desirable and urges that the program be extended at the earliest possible date to all the gainfully employed. Not only would full coverage benefit those individuals now excluded but, by permitting as wide a spread of risks as possible, it would also enable the system to underwrite a measure of economic security for virtually all the population.

Special considerations involved in covering each of the excluded groups and possible methods of effecting coverage are summarized in the paragraphs that follow.

*Self-employment.*—Both farm operators and the urban self-employed are in many instances contributing under the present program. According to the agricultural censuses of 1940 and 1945, about 20 percent of all farm operators earn wages in nonfarm employment in the course of a year. A substantial part of this employment is in

covered industries, and it is likely that during a working lifetime a considerable proportion of the farm operators will have wage credits under old-age and survivors insurance. Much of this covered employment is seasonal, however, and so distributed that only a small minority of farm operators gain insured status. Those who do may lose it as they become older and work less often away from their farms. The families of those who are insured at death will receive smaller benefits than they would be entitled to under a program with complete coverage. The retirement benefits for the individuals who qualify are likely to be little more than the minimum statutory amount.

A survey made by the Bureau of Old-Age and Survivors Insurance in Philadelphia in 1944 indicates that only about one-tenth of the urban self-employed work on their own account throughout their working years. The remaining nine-tenths work for wages for some years before they enter self-employment, and much the greater part of this work is in covered occupations. If this survey is indicative of the situation in other cities in the country, it appears that most of the younger people among the urban self-employed have previously made contributions under the insurance program, and that ultimately this will be true of the self-employed group as a whole. Once established in self-employment, however, they do comparatively little work for wages, the survey reveals. After a period of time, therefore, those who have not become permanently insured will lose their insured status, and the prospective benefits of those who remain insured will get smaller and smaller as time goes on.

The desirability of covering the self-employed is emphasized by the increase in the size of the urban group. A recent census report shows about 6 million self-employed in nonfarm industries in the spring of 1947 and 4.8 million early in 1940. The total number of persons engaged in nonfarm self-employment at some time in 1946 is estimated at 7.2 million as against 5.6 million in 1940 and 6.0 million in 1945. Whether this movement away from employments now covered by the program proves to be permanent or not, it is adding greatly to the number of persons who, though they make some contributions to the program, may derive little or no benefit or whose benefits will be smaller than if all their earnings could count toward benefits. Subject to the same hazards of loss of income due to old age or death as are wage earners, the self-employed are becoming increasingly aware of the value of social insurance against these risks and on many occasions have expressed their desire for protection.

The fear that serious administrative difficulties will be encountered if old-age and survivors insurance were extended to the self-employed is no longer valid, since several possible methods of obtaining earnings reports and contributions have been developed. It would, for example, be feasible for farm operators and other self-employed

persons to file annual reports for social security purposes together with their Federal income-tax returns. Under this plan, all individuals with a gross income of \$500 or more and a "net income from self-employment" of \$200 or more could be covered under old-age and survivors insurance. "Net income from self-employment" would be derived from two schedules of the Federal income-tax return—profit (or loss) from business or profession (Schedule C) and income from partnerships (line 1 of Schedule E). The figures in these schedules would be transferred to an accompanying form for computing social security contributions. The use of these schedules excludes, in addition to compensation for services rendered as an employee, certain types of income that are predominantly investment income, such as interest, dividends, rents, royalties, annuities, pensions, income from estates and trusts, and the like. In a year comparable to 1944, it is estimated, this approach would include about 85 percent of the nonfarm self-employed and 75 percent of the farmers.

Determination of the rate at which the self-employed should pay contributions raises a question whether they should pay the employee rate only or the combined employer-employee rate. One of several possible solutions to this problem would be to require contributions at the single rate on the first \$500 of net income from self-employment and at the combined rate on the balance up to the maximum. This compromise would be of particular help to persons with low incomes and would result in only a small sacrifice of revenue to the trust fund.

Proposals have been made that the self-employed be included according to a voluntary plan, under which any self-employed person, regardless of his income, could elect coverage if he so desired. The Social Security Administration is prompted to point out once again the undesirability of appending voluntary coverage on an individual basis to the existing compulsory insurance system. Experience shows that a voluntary program does not provide a sufficient distribution of risks so that social insurance may be furnished at a reasonable rate. Only those who can expect an unusually large return for their investment are likely to participate voluntarily. In addition, even this limited group is likely to refrain from contributing in years when the contributions (considered in relation to the benefit formula) would not yield a highly profitable return. It might be possible, by reduction of credits for years in which no contributions were made or by other penalties, to encourage continuous contributions once the individual had elected coverage voluntarily. But there is no way to guarantee that persons of low income will "join" a voluntary plan. These individuals may feel that the prospective return does not justify the immediate cost, or they may be so hard pressed to meet current expenses



that they will decide that they cannot spare the necessary contributions. Thus a voluntary program would favor a relatively small group, composed mainly of the most expensive risks, and would result in a substantial net drain on the fund. The cost would have to be made up from contributions of compulsorily covered individuals or from general revenues.

*Farm and household labor.*—Coverage of farm workers and household workers can be considered together because the two groups present the same basic problem of administration. Both farm and household employees were excluded from coverage by the 1935 act because it was thought that most small farmers and housewives could not be expected to keep adequate records and make sufficiently reliable reports to permit coverage of their employees at that time. Much farm and domestic employment is seasonal and intermittent in character. A large labor turn-over has been characteristic of both types of employment. For both groups of workers a substantial portion of wages consists of wages in kind, such as food and lodging. Low income and consequent lack of opportunity to achieve security for themselves, together with lack of protection through other forms of social legislation, make it desirable that both groups be included in the old-age and survivors insurance program.

The original exclusion of farm labor under the Social Security Act affected some 41½ million hired farm workers. The definition of "agricultural labor" contained in the 1939 amendments had the effect of excluding, in addition, some 700,000 quasi-industrial workers in cotton ginning, irrigation projects, nurseries and greenhouses, fur farms, hatcheries, and nonagricultural work on farms. Agricultural labor was thus one of the largest of the excluded groups. In recent years, however, there has been a drop in the number of hired farm workers. According to a recent report of the Bureau of Agricultural Economics, approximately 31½ million persons were so employed at some time during 1946. This figure does not include farm owners, tenants, or share croppers, or workers in the quasi-industrial employments on the border line of farm employment, unless they were also engaged in farm work for wages at some time during the year.

According to this report, average cash wage income of farm workers in 1946 was \$521, of which \$391 came from farm work and \$130 from nonfarm work. The extent of the shift into nonfarm work is further revealed by data showing that about 20 percent of the working time of the group, on the average, was spent at nonfarm work and that about 26 percent of all farm wage workers in 1946 had some earnings in non-farm work.

Since much of their nonfarm work is in employment covered by old-age and survivors insurance, farm workers have become acquainted

with the protection afforded by the insurance program and are aware that they will lose it when they return to the farm. Some farmers and operators of quasi-industrial plants have become interested in coverage for their workers. This interest is due partly to the difficulty of obtaining employees, a difficulty arising from the fact that potential employees are unwilling to jeopardize their social insurance rights by shifting from covered to agricultural employment. Old-age and survivors insurance for farm workers would make it easier for employers to attract farm laborers and would contribute toward greater stability of the farm labor force.

Coverage of farm people should operate to reduce the burden on the public assistance programs, especially in the predominantly rural States. With a substantial increase in the number of persons eligible for old-age and survivors insurance benefits, many persons who would otherwise be dependent on the assistance program would be provided for by the insurance program. This would enable the States to use more effectively the funds available for the assistance programs.

Almost 1.9 million persons were engaged in domestic service as of May 1947, according to a sample survey of the Bureau of the Census. This figure represents an increase of 350,000 persons since May 1946 and indicates that household employment is regaining some of its wartime losses. The increase in numbers may continue until the total is about the prewar monthly level of 2½ million household workers. The monthly level of domestic employment is significantly lower than the number of persons engaged in domestic service at some time during the year. For example, in May 1946 the monthly level was less than 1.6 million, but an estimated 2.7 million persons were in domestic service at some time during 1946. This comparison reflects the high volume of labor turn-over in this noncovered field of employment.

Along with agricultural employment, household employment occupies the lower rungs of the economic ladder. According to estimates of the Bureau of the Census, 73 percent of the household workers in 1945 had annual cash earnings of less than \$500, and 21 percent had earnings from \$500 to \$999. To these earnings, of course, must be added the value of payments in kind, such as food, shelter, and carfare. Total earnings in 1945, though meager, were high in relation to 1940 earnings and showed the residual effect of the wartime demand for and supply of household labor. As the general employment situation adjusts further to peacetime conditions, the present level of earnings in household employment may decline.

Their relatively low earnings and the amount of part-time employment make domestic workers as a group less able than most other workers to protect themselves and their dependents against loss of income in old age or at death. Coverage under old-age and survivors

insurance would help them to provide against these hazards and would eliminate one disadvantage they suffer as compared with other members of the labor force.

Workable solutions have been developed for the administrative problems of covering agricultural and household workers. It is anticipated that many employers of both groups will be able to use the quarterly reporting method now used by employers in commerce and industry. Enterprises that are defined as "agricultural" by the act but that operate under industrial and commercial conditions and large-scale farms employing clerical help would find the present system most convenient. So, too, would individuals and college fraternities and sororities that employ several household workers.

To accommodate the needs of small employers, a stamp plan, such as has been tested thoroughly in foreign countries, could be used. Under such a plan the employer, when paying wages, would paste in the employee's stamp book social security stamps representing to the nearest dollar the amount of wages paid. Stamps might be purchased by the employer at local post offices or from rural mail carriers. The use of stamps in 11 wage denominations—\$1, \$2, \$5, \$10, \$20, \$25, \$30, \$40, \$50, \$75, and \$100—would permit recording each wage payment with a minimum number of stamps. The cost of the stamp would also appear on each stamp, thus indicating the amount of the employer and employee contribution. The employer would deduct one-half the cost of the stamps from the worker's earnings. Just as under the pay-roll plan, the problem of evaluating noncash wages, such as meals and lodging, would be met by use of a schedule of minimum values. Periodically, the employee would forward his stamp book to the Social Security Administration, which would send him a new one and post to his wage record the wages he had earned.

*Employment by nonprofit organizations.*—Interest in the extension of coverage to the approximately 1 million employees of religious, charitable, scientific, literary, educational, and other types of nonprofit organizations has been widening, as indicated by the introduction of various bills in Congress during the past year with a view to removing the basis of their exclusion. In large measure these legislative proposals reflect the changed attitude of the organizations themselves toward the desirability of having old-age and survivors insurance protection extended to their employees.

Originally some nonprofit organizations opposed coverage under the Social Security Act because of their fear that the levy of an employer's tax might tend to weaken the traditional tax-exempt status of the group. Also, when the program was originally adopted, religious groups were opposed to any appearance of governmental control that might be interpreted as a departure from the principle of



separation of church and state. Today this opposition has largely disappeared, and there are few who question that workers employed in this field, and their families as well, should have old-age and survivors insurance protection. Although these humanitarian organizations have made valuable pioneer experiments in retirement plans, the extent of protection afforded by these plans has been limited. Moreover, even the individuals who enjoy such protection may lose it on transferring from one nonprofit organization to another or to a different type of organization.

The Social Security Administration recommends that coverage under old-age and survivors insurance be extended to employment for nonprofit organizations. Adjustments could then be made in the existing special retirement systems so that they would supplement the protection afforded under the Federal program. In extending coverage, attention should be given to special characteristics of the group. If, for example, clergymen and members of religious orders do not wish social insurance protection, their present exclusion might be continued. In addition, provision might be made for payment of all contributions directly into the old-age and survivors insurance trust fund, and the legislation might include a statement of congressional policy that coverage of this employment is not to be construed as affecting the traditional tax-exempt status of nonprofit organizations.

*Federal civilian employment.*—About 3.7 million individuals worked for the Federal Government in civilian jobs in 1946. About three-fourths were in jobs covered by the civil-service retirement system. Another 1 or 2 percent were covered by other Federal retirement systems. It would seem clearly desirable to extend old-age and survivors insurance coverage to the Federal employees who are not protected by any one of these retirement systems. That group includes some employees of Federal instrumentalities and temporary, part-time, and piecework employees of the Federal Government.

The basic protection of old-age and survivors insurance would also be valuable to Federal employees who are already covered under a special Federal retirement program. Although the civil-service retirement system provides much higher retirement benefits than old-age and survivors insurance, the retirement protection of individuals who shift between employment covered by old-age and survivors insurance and that covered by the civil-service retirement system is uncertain. Monthly survivor benefits are not paid under the civil-service retirement system except when a retired employee had elected a reduced annuity during his lifetime. While legislation providing a certain degree of survivorship protection under that system has been under consideration, it is not yet clear whether career employees will have adequate survivorship protection even if such legislation is

adopted. In any event, provision for survivors of other Government employees will continue to be uncertain, as is their retirement protection.

If old-age and survivors insurance were extended to Federal employees, the benefits of the civil-service retirement system and of other Federal retirement systems could supplement the basic protection provided under old-age and survivors insurance. Such modifications as were thought desirable could be made in these systems to take into account the benefits under the basic system. The combined protection that employees would have under the two programs should, in all cases, be as great as or greater than that under the civil-service retirement system alone. Employees shifting between Federal employment and jobs in business and industry would have continuity of coverage, while career employees of the Federal Government would gain the valuable survivorship protection provided under old-age and survivors insurance. The rights of annuitants and employees under the civil-service retirement system would of course be preserved, and the separate administration and financing of that system would be retained.

*State and local government employment.*—In recent years there has been a growing sentiment in favor of old-age and survivors insurance coverage for State and local governmental employees, who numbered about 4.3 million in 1946. Professional organizations such as the American Municipal Association and the International City Managers' Association have indicated that they believe governmental units wishing Federal old-age and survivors insurance coverage for their employees should have the privilege of electing such coverage. In 1947, legislative bodies of two States and the Territories of Alaska and Hawaii sent resolutions or memorials to Congress asking that coverage be extended to all employees of State and local governments. Five other States had already petitioned Congress for such extension, while three additional States have asked Congress to extend coverage to all employed persons. North Dakota and Iowa have established for their employees retirement and survivor plans that are closely modeled after the old-age and survivors insurance system. Finally, four States have anticipated Federal action by adopting laws authorizing acceptance of coverage for their workers under an expanded Federal program.

Almost half of the workers employed during 1946 by States, counties, cities, villages, and other units of local government have no established system to provide them with retirement benefits in their old age; only a small fraction has coverage under systems providing adequate death-benefit protection for their families. Even those who contribute to a retirement plan find themselves at a disadvantage when

they leave the system, since they usually forfeit their benefit rights. If coverage under the Federal program were extended to State and local employment, public employees who change jobs would have continuous protection at least equal to that provided for persons who spend their entire working life in private employment. In addition, such an extension of coverage would more fully protect workers with old-age and survivors insurance credits who enter public employment and would involve no loss of protection for persons covered under existing retirement systems.

The Social Security Administration has suggested that coverage be extended to employees of State and local governments by means of voluntary agreements negotiated between the States and the Federal Security Administrator. In general, it is undesirable to permit voluntary coverage of individuals, or of special limited groups, under a compulsory system of social insurance. The danger of adverse selection and other drains on the trust fund would be lessened, however, if the elections of coverage were made by employing units rather than by individuals. Moreover, because of the constitutional barrier to compulsory coverage of most State and local governmental employees, voluntary coverage in this area must be permitted if the employees involved are not to be completely deprived of the advantages of coverage under the Federal system.

Under these suggested agreements the governmental units would voluntarily assume the status of employers under old-age and survivors insurance. To avoid the danger of adverse selection of risks, all employees of the cooperating governmental units would be covered, except that certain classes of employees—elected officials, employees compensated on a fee basis, and, if desired, members of formal retirement systems actually in operation—might be excluded at the option of the employing unit. Since the agreements would be voluntary, the question of the Federal Government's right to levy a tax on States and localities would not be raised.

As a supplement to a voluntary plan for State and local governmental employees generally, compulsory coverage might be extended to employees performing service in connection with specified "proprietary" functions of State and local governments, such as State liquor stores, municipal transit systems, and other public utilities that are governmentally owned and operated. Such employees apparently can be covered without constitutional difficulties on the same basis as industrial employees, and they should be so covered.

Whatever method is adopted to bring the employees of States and localities under the Federal program, it should be designed to cover the largest possible number. Only by making the Federal system the basic system for all types of employment can the full advantages of social



insurance be realized. Extending old-age and survivors insurance to State and local employees need not and should not in any way jeopardize their rights in existing retirement plans. After old-age and survivors insurance was established, the retirement plans in private industry were encouraged and made stronger financially. There is every reason to believe that, if firemen, teachers, policemen, and other groups having special systems were brought under old-age and survivors insurance, their existing protection would also be preserved and even increased, and at the same time protection could be afforded to the large numbers of State and local governmental workers not now covered under any plan.

*Military service.*—About 1.4 million persons are now serving in the armed forces of the United States and are therefore not covered by old-age and survivors insurance. When the program was adopted, coverage was not extended to the armed services because it appeared that service retirement systems afforded ample protection to persons in the armed forces of the United States. It is true that the man who makes a career of his military or naval service has retirement protection under those systems, and that the survivors of men who die in service are eligible for pensions or compensation under laws administered by the Veterans Administration. Some persons who shift between military service and employment in private industry, however, fail to acquire rights under any program.

This problem was intensified during the war, when the armed forces of the United States grew from about 320,000 men in 1939 to about 12 million. The wartime problem was particularly acute since most of these servicemen and women had formerly been in civilian employment and could be expected to return to such employment after the war.

While the problem of continuity of protection will not be so great in peacetime, it will nevertheless be substantial in view of the increase in the peacetime armed forces from their prewar size. Extension of old-age and survivors insurance coverage to military service on a permanent basis would solve this problem, providing benefits for persons who shift between military service and private employment as well as increased protection for career servicemen. Also, such an extension of coverage would be a step in the direction of a coordinated Federal benefit system, since it would close existing gaps in protection and perhaps hasten the elimination of overlapping benefits.

Former proposals for temporary measures for the protection of wartime servicemen suggested that the Government pay the full cost of the measure, as was done under the provision of the 1946 amendments for the protection of survivors of wartime veterans. However, if the services are to be covered permanently, it seems important that the servicemen themselves should bear their share of the cost. This

would be in keeping with the contributory nature of the program and would give servicemen the same interest and stake in the system that other covered workers have.

The temporary measures proposed during the war generally suggested a flat wage credit of \$160 a month. This was the figure used in the provisions for crediting wartime military service under the Railroad Retirement Act and in the veterans' provision of the Social Security Act amendments. The provision seems satisfactory during a war, when the service departments are under considerable pressure, the Government pays the entire contribution, and the period of time is so short that the end result, in benefit amount, does not differ much whatever figure is used. For a permanent measure, however, it seems desirable to credit the actual value of the compensation, allowances, and perquisites of the individual serviceman.

*Railroad employment.*—Nearly 3 million persons who were employed by railroads and other employers subject to the Railroad Retirement Act received wage credits under that act during 1946. The provision for monthly survivor benefits under the 1946 amendments to that act substantially broadened the special protection for railroad workers. Those amendments also made service in the railroad industry creditable toward survivor benefits under the Social Security Act and provided for correlation of such benefits under the two systems.

No coordination was established for retirement benefits. As a result, workers who shift between railroad employment and employment covered by the Social Security Act may not have adequate retirement protection.

The most desirable method of eliminating this gap would be to extend old-age and survivors insurance coverage to railroad employees. Coverage of railroad employment under the basic old-age and survivors insurance program would prevent any loss of retirement benefits by persons who have worked in both types of employment. If coverage were so extended, the railroad retirement system might be revised so as to provide supplementary benefits for railroad workers, as was done successfully with private pension plans after the Social Security Act was passed.

*Problems of piecemeal extension.*—Each of the excluded groups should be brought into the old-age and survivors insurance program, but inclusion of certain groups in advance of a general extension of coverage involves special problems. The present eligibility requirements and the provisions for computing benefit amounts are such that periods of time spent outside covered employment operate to reduce the likelihood that a worker or his survivors will qualify for benefits and to reduce the amount payable in the event that they do qualify. It would obviously be unfair to extend coverage to any group of wage

earners not now covered without modifying in some way these eligibility and benefit-computation provisions.

If coverage were to be extended simultaneously to all or most of the excluded employments, it would be comparatively simple to work out generally applicable provisions that would prevent newly covered workers from being unduly handicapped by reason of prior periods of noncoverage, and that would operate equitably and without undue administrative difficulty or danger to the trust fund. If, however, coverage is extended to a limited group only, one of two alternatives—neither very satisfactory—would have to be adopted. It would be necessary either to modify the requirements only for the members of the particular group, with an accompanying test of reasonable attachment to the group, or to relax the requirements for all workers. The first alternative would involve administrative difficulties and would inevitably result in some inequities. Under the second alternative, relaxation of requirements would enable workers in the remaining noncovered groups to acquire substantial insurance protection by short periods of covered employment. After such periods they might return to their normal pursuits in noncovered employment, in which they would not be subject to social security taxes; many would draw social security benefits while regularly so employed. The result would be unjustifiable drains on the trust fund.

### *Benefit Changes and Other Proposed Modifications*

Experience in administering old-age and survivors insurance has revealed the need for a number of changes in the present program other than those designed to extend its scope and coverage. Some of the deficiencies arise from the generally low level of the benefits, which are inadequate in terms of both percentage of wage replacement and purchasing power. Others represent anomalous or inequitable situations not anticipated when the 1939 amendments were adopted and not corrected in the 1946 amendments. These anomalies can be remedied only by further amendment of the law.

*Benefit formula and wage base.*—Under present provisions the primary insurance benefit, on which all subsidiary and survivor insurance benefits are also based, is computed as 40 percent of the first \$50 of the average monthly wage plus 10 percent of the next \$200, plus 1 percent of this sum for each calendar year in which the individual was paid wages of \$200 or more. With a maximum possible increment of 11 percent through 1947, this formula permits the primary insurance benefit to replace about 45 percent of an average monthly wage of \$50, but only 22 percent of \$150, and less than 18 percent of a \$250 average.

With the rise in wages during and since the war, the ceiling of \$250 on the average monthly wage has become increasingly restrictive.



Benefits are based on only part of the worker's wages in a larger proportion of cases now than in 1939, when the formula was adopted. In 1945, the last year for which such data are available, more than 13 percent of all workers in covered employment had wages of \$3,000 or more. In 1940, only 3.3 percent had wages of that amount. This shrinkage in protection would be eliminated if the wage base for contributions and computation of benefits were increased materially. If the wage base had been \$4,800, about 97 percent of the workers would have had all their wages credited in 1945. In addition, the concentration of the extra weight in the formula on only the first \$50 of the average monthly wage makes the formula inadequate, even as compared with what was intended when it was adopted in 1939.

The Social Security Administration recommends that the relationship between benefits and the general level of wages be adjusted so that the benefit for regular workers would provide a reasonable replacement of wages lost by death or retirement. The benefit formula should be revised to provide a replacement of wages, in terms of present levels, at least as large as was provided in 1939 by the present formula. To give a heavier weighting to a larger segment than the first \$50 of the average monthly wage would increase benefit amounts for all claimants, within maximum limitations, but would have its greatest effect for persons with low earnings.

*Maximum family benefits.*—The maximum monthly amount of benefits payable to a family on the basis of one wage record is now limited to the least of three amounts: \$85, twice the primary benefit, or 80 percent of the average monthly wage. The first two restrictions tend to limit unduly the benefits payable when the deceased wage earner leaves a widow and several children. The suggested increase in the taxable wage base and the liberalization in the benefit formula would make it especially important to increase the maximum amount payable to some beneficiary families. We recommend that the limitation to twice the primary benefit be removed, that the dollar maximum on monthly family benefits be raised to \$120, and that, up to that amount, benefits be limited to 80 percent of the average monthly wage. Under these restrictions, large families with average monthly wage levels of less than \$150 would receive 80 percent of the average monthly wage to replace the earnings on which they had relied before the death of the wage earner. If the average wage was \$150 or more, the maximum benefit would be \$120.

*Suspension of benefits for employment.*—An individual's benefits are suspended for any month in which he earns more than \$14.99 in covered employment. If a primary beneficiary earns more than

that amount, all benefits payable on the basis of his wage record are suspended. When the "work clause" provision was put into the law in 1939, \$15 in monthly earnings was considered by Congress as a reasonable border line between casual, odd-job work, such as could be expected of a retired individual who wished to supplement his benefit, and regular attachment to the labor market. The increase in wage levels since that time has made \$15 almost meaningless as a measure of attachment to the labor market. It has been difficult for the large numbers of beneficiaries whose income consists of only their benefits and the permitted supplemental amount of earnings to adjust their scale of living to that level. The amount of supplementary earnings permitted may well be increased to \$40 a month. Beginning at age 70, benefits would become payable irrespective of whether or not the individual is employed.

*Age of eligibility for women.*—Data concerning married men on the retirement rolls indicate that the wife is usually younger than her husband; when the husband is 65 the average age difference is nearly 5 years. Since under present provisions a wife must be at least 65 years old to be eligible for a wife's benefit, only about one-fifth of the wives of insured men are immediately eligible for benefits when their husbands retire at age 65. If the age of eligibility for wives were reduced to age 60, three-fifths of the wives would be immediately eligible when their husbands retired. Women who formerly have not worked outside their own homes and who are widowed at or about age 60 are severely handicapped in finding work to support themselves until age 65. In some firms, women must be retired at age 60, and once out of a job at that age a woman has difficulty in obtaining new employment. For all these reasons, we recommend that women be eligible for all types of benefits at age 60.

*Legal status of wife and widow.*—Cases have occurred in which a claim for wife's or widow's benefits has had to be denied because of some legal technicality that invalidated the marriage even though the impediment to a valid marriage was later removed. Ordinarily, in such cases, the couple has for years been accepted by the community as husband and wife. To validate such a marriage, some States require a ceremonial marriage after the removal of an impediment. In some cases the couple has failed to have the ceremony performed through a mistaken belief that the marriage was validated by their living together after the impediment was removed. The wife may not even have known of the irregularity in the marriage until her claim for benefits was filed and rejected. The need for benefits is as great in these cases as when the marriage is technically valid, since

the woman is as likely to be dependent upon her presumed husband as if he had been her husband legally.

We recommend that the definitions of "wife" and "widow" be revised to permit payments to a woman when the couple has lived in an acknowledged husband-wife relationship for at least 36 months, provided there is no legal impediment to a ceremonial marriage in the State of the wife's residence at the time she applies for benefits or at the husband's death.

*Mother's insurance benefits.*—When the Social Security Act was amended in 1939 to include payments to dependents and survivors of deceased wage earners, the term "widow's current benefits" was adopted to designate benefits paid to a young widow with a child or children in her care who were eligible for survivor benefits. The Social Security Administration believes that the designation of such benefits should be changed to "mother's benefits," to emphasize the fact that the benefits are being paid because the women are mothers of young children. The change in terminology would also do away with the present confusion between "widow's current benefits" and "widow's benefits," payable to widows at age 65.

One of the present gaps in the protection of the family of a deceased wage earner is the fact that benefits are not paid to the divorced wife of a deceased wage earner even though he had furnished her support and she is caring for their children, who are receiving benefits. Children's benefits are so small in themselves that unless a benefit is paid to the mother she may be unable to remain at home to care for the children, as the act intended in providing benefits for young widows. It is therefore recommended that survivor benefits be paid to the divorced wife of a wage earner if she has the care of their child who is entitled to benefits on the wage earner's record and if he had been contributing to her support as well as to the support of the child.

*Child's benefits.*—In many cases, children live with and are supported by persons other than parents or stepparents. Often a stable relationship exists between the child and a near relative who fails to take the formal steps for adoption. For example, it often does not occur to grandparents to adopt a grandchild who is left in their care upon the death of one or both of the parents. In such cases it is desirable that the child receive benefits when the grandparent's wages cease on death or retirement. A requirement that the child must have been both living with and supported by the wage earner for at least 36 months in the case of a retired worker, or for at least 12 months before the worker's death—the same requirement as that applied to adopted children—would be sufficient protection of the trust fund against claims based on temporary relationships entered into solely for the purpose of receiving benefits.



When a marriage is invalid, regardless of the good faith of one or both parties, a child of such marriage may not be able to qualify for monthly benefits as the legitimate child of the deceased wage earner, even though there is no question as to the child's need for continuous support. We recommend that provision be made for these children through payment of benefits, after the insured father's death or retirement, to any child who had been living with and regularly supported by him, and that the payment should be made without regard to the child's legal status.

THOUSANDS OF  
BENEFICIARIES

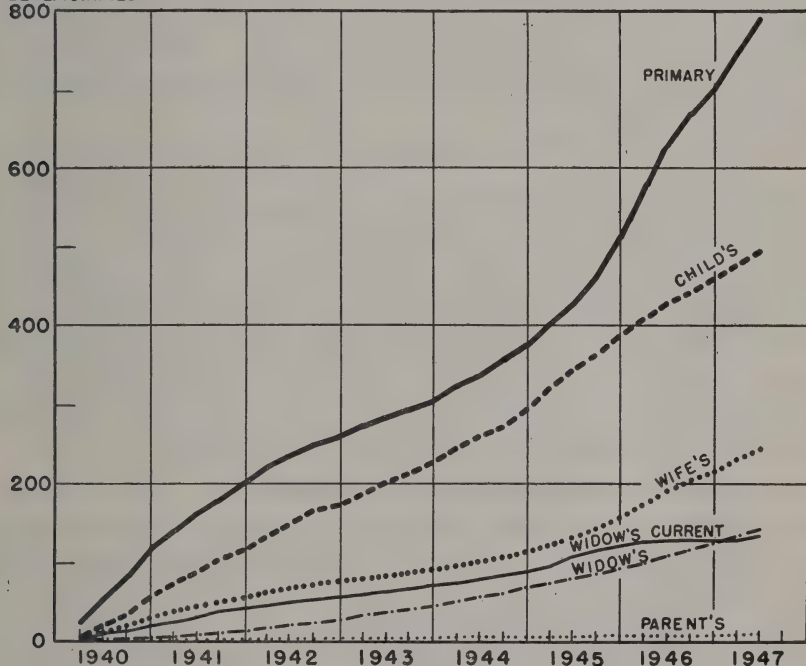


CHART 8.—Number of persons receiving monthly benefits under old-age and survivors insurance, by type of benefit, January 1940–June 1947

A child should also be made eligible for benefits on the basis of his mother's or stepmother's wage record, even though the father is living with the family, if the wife was the family breadwinner because of a long-term disability of the father. The father's disability for 6 months or more would be sufficient indication that child's benefits were needed to replace the wage-earning mother's wages when she died.

*Lump-sum payments.*—A lump-sum death payment is now made only when the worker is not survived by a widow, child, or parent eligible for monthly benefits for the month in which the worker died. We believe that the lump-sum death payment is needed as much when

there are survivors eligible for monthly benefits as when there are no such survivors, since monthly benefits are not designed to meet the extra expenses arising at death. The present provision permits situations in which the aggregate monthly benefits payable are less than the lump sum that would otherwise have been paid. If, for example, the youngest child in a survivor family will attain age 18 in the month after that in which the wage earner died, no lump-sum payment can be made and only one monthly benefit can be paid. If the child is working, neither the lump sum nor the monthly benefit can be paid. On the other hand, when a widow is 65 years old in the month her husband dies she receives only a monthly benefit, but if she reaches age 65 in the month after her husband's death she receives the lump sum and her monthly benefits begin with the following month. The best way to eliminate such anomalies and inequities would be to make the lump-sum payment in all cases.

*Definition of wages.*—In two particulars the present definition of “wages” works a hardship on covered workers. Failure to include as wages all tips and gratuities results in low benefits or loss of benefits for many workers in industries covered by the act. The exclusion from the definition of “wages” of any dismissal wages which an employer is not legally required to pay has resulted in a loss of possible wage credits toward benefits, without an offsetting gain to employees through expansion of the practice of making such payments. It is recommended that dismissal payments, whether or not the employer is required to make them, and tips be counted as wages.

#### *Further Modifications Under Extended Coverage*

If coverage is extended to occupations heretofore excluded, it will be necessary to make some changes in the eligibility requirements and the method of computing the average monthly wage. Otherwise workers nearing retirement age at the time of extension might have no reasonable chance of becoming insured although they might have paid contributions for several years. An individual is eligible for old-age benefits if he has half as many quarters of coverage (calendar quarters in which the worker is paid wages of at least \$50 in employment covered by the act) as the number of calendar quarters elapsed after 1936 and before the quarter in which he attains age 65, or 40 quarters of coverage, if that is less. No worker can be insured with less than 6 quarters of coverage. Those who have no quarters of coverage at the time their occupation is brought under the act and who are approaching age 65 would find it difficult to meet the eligibility requirements. Even if these older workers should become eligible for benefits, the amount of their benefits would be extremely low, because of the formula in the present act for determining the average

monthly wage, on which the benefit amount is based. That formula requires, in general, that the worker's total taxable wages be divided by the total number of months that have elapsed from January 1, 1937, up to the quarter in which he files his claim for benefits or dies. With a divisor that includes all months in the years in which no such taxable wages were paid, the benefit amounts of newly covered older workers would be reduced to the minimum or near minimum in many cases.

It is impractical to attempt to identify workers according to occupations and to make provisions affecting only those who had worked in noncovered employment. It is also impossible to differentiate persons who worked regularly in noncovered employment from those who were not in the labor force. Therefore any modifications made in the interest of the newly covered workers must apply to all workers, including those whose major occupations have been covered since 1936.

*Eligibility requirements.*—If the eligibility requirement is to function as a screening device to sift out persons not dependent on their wages from those who are thus dependent, it must not be made too liberal. Moreover, the worker who has paid contributions since 1936 should receive a larger benefit than the worker at the same wage level who has paid contributions for only a brief period.

One method of modifying the eligibility requirement would be to use, as an alternative to the present requirement, a test of substantial recent covered employment. Twenty quarters of coverage out of the last 40 quarters, including the quarter of entitlement or death, would be a requirement that a large part of the newly covered workers could meet. A regularly employed worker who was 60 years old at the effective date of coverage extension could be eligible for retirement benefits at age 65. The low amount of qualifying wages in a quarter allows for some irregularity of employment within the 20 quarters. Workers whose occupations had been covered since the beginning would continue to qualify under the present requirement if that was more favorable to them. A small number of persons who had not previously been employed, chiefly women, might of course qualify for benefits by entering the labor force 5 years before their retirement age. When a woman goes to work for the first time at an advanced age, however, the assumption can be made that self-support is necessary; and it is socially desirable to protect such persons against loss of wages upon retirement.

During the war years, many workers in noncovered occupations, such as farming and domestic service, were drawn to covered work in factories and shops where war materials were made. Many of these workers have returned to their former occupations. In the



case of the older workers the quarters of coverage thus earned will be of special importance, since they will count toward the 20 quarters of coverage needed in the last 10 years before retirement. They will, therefore, considerably reduce the time it will take such workers to become fully insured after their present occupations are covered.

When coverage is extended, certain occupations will be included in which earnings are usually reported or wages paid at one season of the year. Under the present definition of insured status, workers in these occupations would be handicapped in obtaining enough quarters of coverage to become insured. This handicap could be eliminated if such annual wages were credited to quarters of coverage by the use of some conversion table, such as: wages of \$50-199 equal 1 quarter of coverage; \$200-399, 2 quarters; \$400-599, 3 quarters; and \$600 or more, 4 quarters.

*Average monthly wage.*—Under the present law, benefits are based on total wages averaged over all months since 1936, including months of little or even no earnings. Lack of wages in insured employment in any period reduces the average excessively when the period of coverage is short. For example, if a worker reached age 65 and filed for benefits when the program had been in effect for 10 years, and if he had worked 5 years in excluded employment and 5 years in covered jobs, his average monthly wage for computing benefits would be only one-half his actual earnings from covered employment. Assuming that he earned \$200 a month for the 5 years in a covered job, his average monthly wage for benefit computation would be \$100. To correct this situation, the average wage could be determined by relating it only to periods in which the worker's earnings exceeded a certain amount. This could be accomplished by including only the periods in which the worker earned quarters or years of insurance coverage. Instead of dividing total wages by 3 times the total number of quarters elapsing since 1936, they might be divided by 3 times the number of quarters of coverage or by 12 times the number of years of coverage. A year of coverage could be defined as one in which wages of \$200 were paid. To relate the amount of the benefit to the length of time a person made contributions, the benefits might continue to be increased by 1 percent for each year of coverage, as is now the case, and reduced by 2 percent for each year the worker was out of covered employment.

*Minimum benefit.*—At present a retired worker who qualifies for benefits receives not less than \$10 a month. Under limited coverage, and at the price and wage levels of 1939 when this provision was adopted, \$10 seemed a reasonable minimum in view of the fact that some persons may qualify for benefits after a relatively short period in covered employment and they may have other retirement

benefits from their noncovered work. If nearly all gainfully employed persons were brought into the program, persons usually employed outside covered industries would have very little opportunity to gain unduly by short-term employment. In such circumstances, for those regularly covered whose wages were so low that their benefits were at the minimum, a higher minimum benefit would be desirable. The Social Security Administration suggests \$20.

### *Cash Benefits for Extended Disability*

As early as 1938 the Advisory Council on Social Security, appointed jointly by a subcommittee of the Senate Finance Committee and the Social Security Board, agreed unanimously on the social desirability of providing insurance benefits for persons who are permanently and totally disabled as well as for their dependents. From 1940 on, the Social Security Administration has consistently recommended establishment of such benefits to afford protection against the risk of prolonged total disability.

Many organizations have endorsed a Federal program of disability insurance. These include the National Planning Association, which represents agriculture, business, and labor; major labor groups, particularly the American Federation of Labor and the Congress of Industrial Organizations; the National Farm Labor Union; the National Farmers Union; the Ohio State Grange; the American Public Welfare Association; the Fraternal Order of Eagles; the Council for Social Action of the Congregational Christian Churches; the National Conference of Catholic Charities; the National Council of Jewish Women; and the American Foundation for the Blind. The American Medical Association has also endorsed the principle of insurance against loss of wages due to disability. The United States Chamber of Commerce favors a system of benefits, consistent with old-age and survivors insurance benefits, for permanently and totally disabled workers who are forced to retire because of disability at or after age 55.

Public support has been given to proposals for a disability insurance program because it is obvious that the individual burden on the worker and his family is overwhelming. When a worker becomes disabled, the costs for his family often are greater than the costs associated with old age or death. In addition to cutting off the worker's income, disability saddles the family with the costs of his care, which may include expenses for diagnosis, treatment, drugs, hospitalization, services of attendants, and prosthetic devices. Illness resulting in physical or mental incapacity for work can strike at any age and without warning. Many workers are disabled early in their careers; their problem is especially difficult because they have had little chance to acquire substantial savings and because they may have young children. In

many cases a young mother is forced to go to work in order to support her husband and children; sometimes a working member of the family must give up a job in order to care for the sick person. In almost every case, family savings are soon gone and, if recovery of the worker is long delayed, the members may become public charges. Even the benefits that might eventually be paid under old-age and survivors insurance will decrease and, in many cases, eligibility for benefits will be lost because the worker is unable to return to covered employment. For all these reasons, prolonged disability constitutes a major cause of poverty and individual distress.

The size of the disability problem can best be visualized when it is realized that at any one time about 1.6 million persons aged 14-64 are kept out of the labor force by a disability that has lasted 6 months or more. Approximately a million persons in this group are suffering from disabilities that have lasted longer than a year. Disability hits persons at all economic levels, but it is more prevalent in lower-wage families, because low income usually means inadequate food and housing, lack of prompt and proper medical care, and, in many cases, arduous and exhausting work. These conditions foster ill health, which further reduces income. Need and dependency increase the hazard of illness among all members of the family, thus aggravating insecurity. The extent of this threat is widespread. About 3 out of 4 families rely almost exclusively on current earnings. When extended disability strikes, the earnings loss that occurs is usually not compensated from any source. Ultimately the family must adopt a greatly lowered standard of living and often become permanently dependent on relief.

The average working man can do very little to protect himself against the blow of a disabling disease or injury. The extent of present public provision against the risks of disability has been discussed in the first chapter of this report. For the working population, the only disability protection generally available is that against work-connected injuries or diseases as provided by the various workmen's compensation laws. Only about 5 percent of all cases of total disability arise from work-connected accidents or occupational disease, however, and not all of these are compensable.

The magnitude of the human and economic costs of disability demands some planned solution that will be within the means of all, or a reasonable proportion of all, workers. Extended disability is an important cause of hardship because its losses and costs fall unevenly and unpredictably on individuals and families. Very few workers can budget in advance to meet the double threat of complete loss of income and heavy medical expenses. Yet the costs of total disability are predictable in the aggregate and can be met by social insurance.



It is well to remember that the insurance contributions that would be levied in connection with a disability insurance program would not constitute a wholly new cost. The burden of disability is now largely financed through relief and institutional care. A substantial portion of the continuing burden of public aid, amounting to over a billion dollars a year, arises from the illness or prolonged disability of the breadwinner. Disability insurance represents an orderly method of sharing a widespread risk so that partial compensation for loss of wages may be provided without loss of self-respect and without undue hardship.

The most effective and appropriate system of cash insurance benefits for extended total disability would provide for the interlocking of the administration of old-age, survivor, and disability insurance benefits. Aside from the logic of grouping under one general system the administration of provisions against all major risks of complete and final wage loss, this combination would result in decided operating advantages. The organization that exists for the development, adjudication, and payment of old-age and survivors insurance claims could be adapted with a minimum of effort to the added tasks of paying disability insurance claims. Through amendment of the old-age and survivors insurance program, provision could be made to "freeze" the insured status and the average monthly wage of a worker who is insured for old-age benefits at the time of his disablement so that he will be eligible for old-age insurance payments if he lives to normal retirement age. Likewise, survivor benefits could be assured to his dependents upon his death.

Under the recommended program, the monthly insurance payments to totally disabled workers and their dependents would be similar in type and amount to those payable when aged workers retire. The new insurance protection should be available to all workers who are dependent on income received from covered employment. To qualify for benefits, the disabled worker should be required to have had both substantial and recent wages in such employment. Calculation of the benefits should be based on the wage record and benefit formula applicable to old-age and survivors insurance; similar qualifications for dependents' benefits should probably be applied, and similar conditions for terminating benefits would be desirable.

Although the protracted illness or disability that the program should cover is usually termed "permanent," the concept of lifetime disability, requiring a medical prognosis of permanency, is both socially and administratively unsatisfactory. Instead, benefits should be paid to compensate for loss of earnings after a suitable waiting period—for example, 6 consecutive calendar months of total disability—and should be paid for the duration of total incapacity for sub-

stantially gainful work. The program should not provide compensation for the mere fact of physical disability or for incapacity to pursue a customary occupation. The test of what constitutes total incapacity for work in general could be established either by law or regulation. Most appropriate of a number of alternatives probably would be the establishment of a flat residual earning capacity as the test of disability—that is, whether the worker has become incapable of earning more than a small, flat amount (perhaps \$30 a month) at any work he might reasonably be expected to do.

Like old-age and survivors insurance benefits, disability payments should be withheld for any month in which a beneficiary earns more than a specified amount. Since the opportunity to earn wages in any part-time or occasional work is of psychological as well as monetary benefit to the disabled person, temporary employment should result in suspension of payments rather than in automatic termination of entitlement. However, benefits should be terminated in the event of recovery. Provisions for periodic reexamination would be necessary to assure that cases of recovery are promptly discovered, and refusal to submit to reexamination should be sufficient grounds for withholding benefits.

Under a comprehensive and adequate system of social insurance, it is uneconomical and socially wasteful to pay duplicate benefits to a wage earner for the same earnings loss. In designing the disability program, therefore, consideration should be given to the problem of avoiding multiple benefits when disability protection is also afforded by State or Federal workmen's compensation laws, or in the form of noncontributory benefits, such as those administered by the Veterans Administration.

A major factor for ensuring the social effectiveness of the program would be the authorization of expenditures from the trust fund for vocational rehabilitation. To equip the disabled person to return to gainful employment whenever possible is highly desirable both for the individual and for society. Rehabilitation measures would also result in savings to the trust fund through the reduction in ultimate benefit outlay.

In recent discussions of the need for disability protection, it has been proposed that benefits be limited to cases of permanent or extended disability after age 55. Proponents of such a plan believe that it would minimize both the administrative problems and the cost of adding disability protection to the old-age and survivors insurance system.

It is clear, however, that the provision of disability benefits only for persons who are well advanced in years and approaching retire-

ment age would meet only part of the real need of the working population for insurance protection against total wage loss due to extended disability. More than half the cases of protracted disability may be expected to commence at ages under 55. Younger disabled workers would be left without insurance benefits over the years when the consequences of disability are frequently most disastrous—the years in which they are most likely to have dependent children and larger financial responsibilities. Moreover, limitation of disability benefits to older workers would further penalize younger disabled workers and their families because, under the present system, disability would continue to cause a partial or complete loss of future retirement or survivor benefits.

While adoption of a more limited disability program would seem an easier way to approach administrative problems inherent in launching a disability program, the anticipated advantages might prove to be illusory. The program would entail substantially the same basic procedures, techniques, and facilities as would be required for a more adequate program. Furthermore, the potentially great social value of the new program might be impaired because a minimum of emphasis on recovery, rehabilitation, and return to work would be required under a limited program applying only to older workers. Since it may fairly be concluded that large numbers of disabled workers ultimately become public charges in the absence of social insurance protection, the expectation that a limited program will result in lower costs to the Nation is also largely illusory. The Social Security Administration continues to be convinced of both the need for and the feasibility of providing insurance protection to all covered workers against the risk of extended total disability.

### *Financing an Expanded Program*

A long-range plan should be developed to assure that, not only in the years immediately ahead but also in the more distant future, ample funds will be available to finance benefit payments. With practically complete coverage of the gainfully employed and their dependents, the Administration believes, provision for a Government contribution, as well as contributions of employers and employees, becomes equitable and appropriate. A Government contribution toward financing the program would be partly offset by the reduction in costs of public aid, particularly because of the inclusion of permanent disability benefits. The ultimate cost of benefits under an expanded system of old-age, survivors, and permanent disability insurance should be distributed among employers, employees, and the Government in relation to the degree to which coverage is extended and the method of financing other types of social insurance benefits.



## UNEMPLOYMENT INSURANCE

THE FISCAL YEAR 1946-47 was a year of great economic activity, outstandingly high levels of employment, and low levels of unemployment. This year witnessed the peak of the postwar boom and the beginning of its liquidation and covered a period of great economic tensions and pressures that made for a relatively heavy claims load. In July 1946 the demobilization of the armed forces was nearing completion, the technical reconversion of the country's industrial plant was completed, and production was gaining momentum after a brief set-back in the preceding February. The Nation had achieved remarkable success on its way back to a peacetime economy.

The elimination of many governmental controls coincided with the beginning of the fiscal year and ushered in a period in which problems involving prices remained a major domestic issue. Despite those problems, the major labor-market development in 1946-47 was the absorption of the growing civilian labor force by expanding production. In only one month, June 1947, did unemployment, as estimated by the Bureau of the Census, exceed the 2.5 million that is generally regarded as the normal average frictional and seasonal unemployment under conditions of full employment.

Changes in the size and composition of the civilian labor force in the fiscal year 1947, as compared with the preceding year, were accounted for largely by factors other than the natural growth of the population. Men—and in smaller numbers, women—were being released from the armed forces; veterans temporarily out of the labor force because of fatigue or for other personal reasons were returning to civilian occupations; women who had taken war jobs went back to their customary home work in the early part of the fiscal year and later reentered the civilian labor force. From June 1946 to June 1947 the armed forces declined by 1.7 million (from 3.1 million to 1.4 million), but the number of male veterans in the civilian labor force rose by 2.4 million (from 10.4 million to 12.8 million). The increase in the total labor force in the 12-month period cannot be measured precisely because of considerable and somewhat uneven seasonal variations in the size of the labor force in June. Comparison of the May-July averages in the 2 years indicates that the total civilian labor force increased by 3.1 million (2.5 million men and 600,000 women). Civilian employment, measured similarly, rose by the same amount. Unemployment averaged 2.4 million in both 3-month periods. The ratio of unemployment among veterans declined from 8.2 percent in June 1946 to 5.2 percent in June 1947.

The average level of unemployment was not only low for the year as a whole but did not change markedly from month to month. There

was a slight decline in the number of unemployed in the autumn of 1946. In December, unemployment began to rise, and in February 1947 it reached almost 2.5 million; it remained fairly steady until May, when it dropped below 2 million, only to jump above 2.5 million in June. The gap between the supply of labor and openings for workers remained about as narrow as could be expected under conditions of full employment. The benefit load, on the other hand, was somewhat heavier than would have been anticipated under normal peacetime conditions, assuming the same level of business activity and employment. Unemployment arose from the considerable volume of shifts in production and employment, with sporadic lay-offs of workers because of shortage of materials and parts, labor disputes, and buyer resistance to high prices. In addition, there was still the problem of reemployment of veterans and displacement of nonveteran workers. All in all, it seems very likely that the Nation experienced four types of unemployment in this period: (a) less than the normal amount of frictional unemployment, that is, unemployment caused by seasonal changes, inventory shut-downs, and the like; (b) unemployment of veterans on their way back to the peacetime pattern of life; (c) unemployment of individuals displaced by veterans or by younger, more efficient workers; and (d) sporadic unemployment in some industries caused by the process of reconversion.

Various legislative enactments during the year affected the unemployment insurance system significantly. Congress amended the Federal Unemployment Tax Act, effective July 1, 1946, to authorize permanent coverage of private maritime workers under State unemployment insurance laws, thus bringing under unemployment insurance protection a group of workers whose status had been of congressional concern since 1938. In order to provide unemployment insurance for maritime workers who had been employed by the War Shipping Administration or its successor, the Maritime Commission, Congress made temporary provision for payment of benefits to these workers. Congress also amended title III of the Social Security Act and the Federal Unemployment Tax Act to permit withdrawal of employee contributions from State accounts in the unemployment trust fund for the payment of temporary disability benefits.

Forty-seven State legislatures met in regular session during the fiscal year, and 44 of them amended their unemployment insurance laws, in many instances to provide better protection to unemployed eligible workers. Lastly, on November 16, under the 1947 Labor-Federal Security Appropriation Act, the State public employment offices, which had been operated under direct Federal control during the war period, were returned to State control and operation. The United States Employment Service remained in the Department of

Labor; but with the failure of the President's Reorganization Plan No. 2 of 1947 providing for its permanent location there, it is scheduled, under the First War Powers Act, to revert to the Federal Security Agency 6 months after the official termination of the war.

### *Unemployment Insurance in 1946-47*

#### *Covered Workers*

By July 1946, covered employment, beginning to recover after the decline from the wartime peak of 31.3 million in June 1943, had reached 30.7 million, or 7.8 million more than in July 1940. Throughout the rest of 1946, covered employment increased gradually until by December it exceeded the high point of war activity by about 670,000 workers. It fell somewhat in the early months of 1947 but gradually recovered, and by June employment in covered industries stood at approximately 31.5 million.

Many more persons have some work in covered industries during a year than are employed at any one time in those industries. About 45.8 million different individuals, it is estimated, earned some wages in covered employment in 1946, and about four-fifths of them, or 37 million, had sufficient wage credits to qualify for benefits under the State laws.

Despite the increase in the number of jobs covered by the State systems, about 12.5 million jobs were excluded from coverage under State or railroad unemployment insurance programs in an average week of the fiscal year 1947. About 1.6 million were agricultural jobs and 2.7 million were in excluded small firms in covered industries; 5.2 million were government jobs—1.9 million in the Federal Government, and 3.3 million in State and local governments; the other 3 million were jobs in domestic service in private homes, nonprofit organizations, and other excluded employments.

*Maritime workers.*—The Social Security Act Amendments of 1946, enacted August 10, 1946, made provision for the first major extension in coverage of the Federal Unemployment Tax Act since the original legislation of 1935. Effective July 1, 1946, services in private maritime employment, with minor exceptions, were covered by the Federal act. As a result, coverage was automatically extended to maritime workers in 13 States, and 7 additional States amended their laws accordingly. In all, 42 State laws now cover maritime workers.

Because the War Shipping Administration took over the operation of the merchant marine during the war, most wartime seamen were considered to be Federal employees and, as such, not covered by this amendment of the Federal Unemployment Tax Act. Congress therefore enacted title XIII of the Social Security Act, providing temporary



reconversion benefits for maritime workers who had been employed by the War Shipping Administration or the Maritime Commission. The new title is administered by the Federal Security Administrator, who is authorized to enter into agreements whereby a State employment security agency, acting as agent of the United States, will make the payments under the provisions of its State law. The States, in turn, will be reimbursed by the Federal Government. The reconversion period during which benefits are payable will end June 30, 1949.

The provision did not go into effect immediately because the Seventy-ninth Congress did not appropriate funds for benefits under the program and title XIII specified that no benefits could be paid for unemployment occurring before such funds were appropriated. The 1948 appropriation to the Federal Security Agency included \$900,000 to pay the benefits provided, and they became payable for unemployment on and after July 8, 1947, the date the appropriation bill was signed.

While the program of reconversion unemployment benefits for seamen is of relatively short duration and affects only some 200,000-250,000 individuals, all States have entered into agreements with the Federal Security Administrator to administer the provisions. Cooperation of all States was necessary since many maritime employees, drawn from every State into the merchant marine by wartime pressures and inducements, returned to their homes and peacetime pursuits when the ships were returned to private operation.

The act provides that seamen's Federal maritime service and wages shall be included as wages and services under State laws in accordance with regulations prescribed by the Federal Security Administrator for the allocation of the service and wages among the States. Since the services performed by the men of the merchant marine were not localized in any State, the basis for such allocation was a major problem confronting the Social Security Administration. The problem involved questions of convenience for the unemployed seamen in filing claims for benefits, the prompt payment of benefits, and the avoidance of duplicate claims. The decision, as promulgated in a Federal regulation, was that War Shipping Administration wages and services of an unemployed seaman should be allocated to the State in which he first filed his claim for reconversion benefits. Once the wages are allocated to a State, they cannot be transferred to any other State.

Preparation for the administration of the program included the drafting of an agreement to be entered into by the State employment security administrators and the Federal Security Administrator, and of regulations establishing the procedure to be followed in allocating wage credits, determining benefits and handling appeals, keeping

agency records of and making reports on claims and benefits, making requests for advances or reimbursements for benefit costs, and reporting any apparent violation of the act. Suggested procedures for integrating the seamen's temporary benefit program with the State program and for requesting advances or reimbursements, as well as drafts of material for use in an informational program, were developed and incorporated in a manual that was sent to the States as a guide in the development of their own administrative procedures. Provision was also made for obtaining data on the operation of the program.

In developing its plans the Social Security Administration consulted with union and employer groups in the maritime industry as well as with other Federal agencies. Conferences were held with representatives of the State employment security agencies, all of whom were extremely helpful in working out the plans.

*Other groups.*—Congress made no extension of coverage to other groups, nor did the States generally extend the coverage of their laws. By and large the States seemed to be waiting for congressional action. During the fiscal year, 5 States provided for automatic extension of coverage to new groups that may be brought under the Federal Unemployment Tax Act. The number of States that can take immediate advantage of any broadening of the coverage of the Federal act was thus raised to 21. Twenty-nine States will cover small employers when and if they are covered under the Federal act, but no State extended coverage to small firms during the year; 22 States still limit coverage to employers of eight or more. New York amended its act to cover its own State employees, and Tennessee covered workers in nonprofit institutions, joining Hawaii in including such provisions.

### *Claims and Benefit Payments*

*Claims.*—In July 1946, unemployed workers filed 699,000 initial claims and 5.5 million continued claims for benefits. Although those figures were well below the peaks established immediately after the surrender of Japan, they constituted a substantial claims load for the State agencies. The number of persons filing initial claims rose to a million in January 1947, declined to a level of about 725,000 in February and March, and then increased to more than a million, ending the fiscal year at about 880,000. Continued claims declined to 3.5 million in November and then increased somewhat but remained well below the number filed in the same month of the previous year.

Heavy as the claims load was throughout the year, it was low in comparison with the number of workers employed in covered industry. As the fiscal year opened, insured unemployment was 4.6 percent of average monthly employment; by November the ratio had declined to 3.0 percent. It increased to 4.1 percent in January and stayed at about 4 percent for the rest of the fiscal year.

*Interstate claims.*—Except for a slight upswing at the beginning of the fiscal year, the ratio of interstate claims, both initial and continued, to all claims decreased throughout the rest of the year. In June 1947, interstate claims comprised 4.6 percent of all initial claims and 4.9 percent of all continued claims, as against 8.7 and 10.0 percent, respectively, in the preceding August.

Interstate claims were paid more promptly in the period April–June 1947 than in the earlier quarters of the fiscal year. By their nature, however, the procedures used for interstate claims are slower and more cumbersome than intrastate claims procedures. The State where the claimant files his claim acts as “agent” for the State in which he has benefit rights. As agent, its activities and responsibilities are

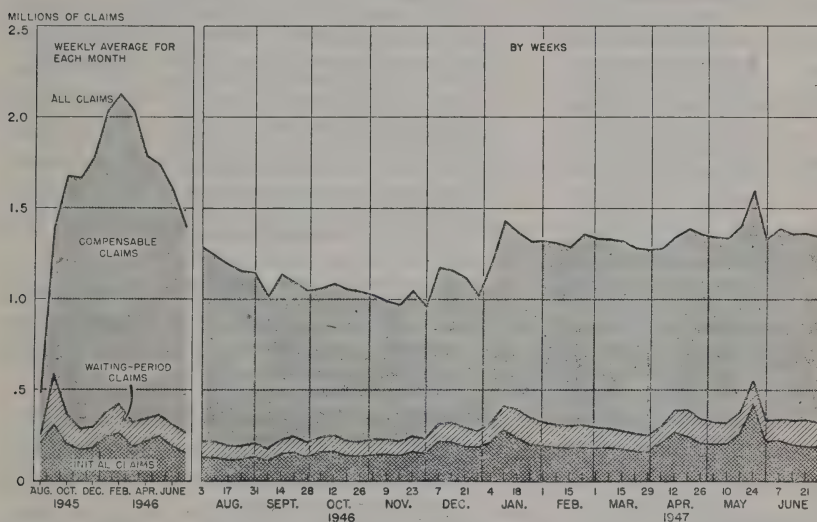


CHART 9.—Weekly number of claimants for unemployment benefits, August 4, 1945–June 28, 1947

confined to collecting and transmitting information; all decisions must be made by the State liable for the payments. Difficulties arise partly from lack of uniformity in approach and interpretation as well as in statutory provisions, and partly from failure of agent States to transmit to liable States all the information pertinent to the initial claim.

For some time the State employment security agencies and the Bureau of Employment Security had been considering various ways of handling interstate claims that might be simpler and quicker. After considerable discussion and developmental work, an experimental plan for determination and payment of interstate claims was put into effect on January 1, 1947, by seven States—Arkansas, California, Georgia, Louisiana, Minnesota, North Dakota, and Oklahoma,



Under this experiment, the liable State makes the initial determination of the individual's eligibility and of his potential benefit rights, as at present. After that determination, however, the agent State makes all subsequent eligibility or disqualification determinations and pays the weekly benefits, billing the liable State for reimbursement. It is too early to evaluate the effectiveness of the experimental procedure. Reports are being collected on its operation, however, and the procedure will be observed carefully.

*Time lapse in benefit payments.*—As was expected, the tremendous increase in the intrastate claims load immediately after the Japanese surrender severely strained the facilities of State agencies for processing claims and paying benefits. As soon as the initial impact of the volume of claims was overcome, however, payments were made more promptly. In each quarter since the middle of 1946 there has been some improvement in the promptness of processing these claims. Most State agencies are now making payments fairly promptly but, in general, payments are still delayed longer than they were in pre-war days. Factors adversely affecting the promptness of payments are biweekly claimant reporting and biweekly payment of claims—scheduling arrangements adopted by State agencies to deal with the abnormal load.

*Benefit payments.*—The heavy claims load resulted in substantial payments. In all, \$834 million was paid out in benefits during the fiscal year. This amount, however, was only three-fourths of the sum expended in the preceding fiscal year.

Not all persons who filed claims for benefits received them. Of the 5.1 million who filed claims and had sufficient wage credits to qualify for benefits, about 4.1 million or 80 percent drew benefits. Some who did not receive benefits were declared unavailable for work or were disqualified for various reasons, but by far the larger proportion were reemployed during the waiting period.

*Amount and duration of benefits.*—Despite good employment opportunities in most sections of the country, the average beneficiary received benefits for 11.6 weeks, longer than in any other fiscal year, even the preceding one, when the average was 11.1 weeks. On the average, claimants had 1.5 spells of unemployment as compared with 1.3 spells in the preceding year. In all, benefits were paid for 46.9 million weeks of unemployment, or about 80 percent of the number of weeks compensated in 1945–46. Since most of the unemployment resulting from mass lay-offs in certain industries was temporary, the figures on average duration and total number of weeks compensated are probably swollen by the longer periods of unemployment of marginal workers, who had great difficulty finding other jobs. This fact probably explains why, in a year of peak employment, almost 1.4 million claimants, or about 34 percent of all beneficiaries, exhausted their benefit rights.

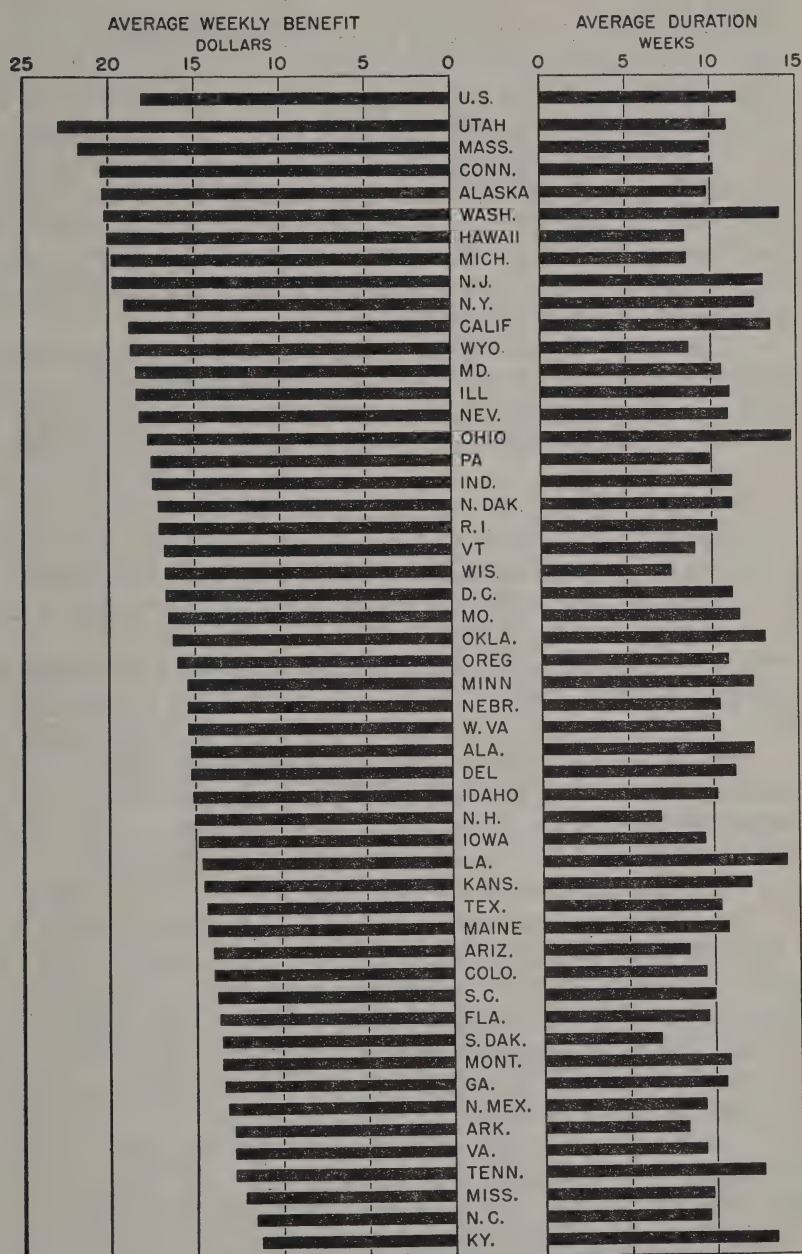


CHART 10.—Average weekly benefit for total unemployment and average actual duration of benefits for all types of unemployment, by State, fiscal year 1946-47

In general the exhaustion rates were higher for women beneficiaries than for men.

During the fiscal year, weekly benefit amounts received by totally unemployed beneficiaries averaged \$18.05, somewhat less than the record \$18.74 paid in the preceding fiscal year. During the year the average weekly benefit payment declined as wartime earnings became less of a factor in computing a worker's benefit rights and the benefits came more and more to be based on earnings in peacetime industries. The national average weekly benefit amount conceals variations among the States, where the averages ranged from a low of \$11.28 in Kentucky to a high of \$22.90 in Utah, which has a statutory provision for adjusting weekly benefits to the cost of living.

In April 1947, Massachusetts joined Connecticut, the District of Columbia, Michigan, and Nevada in providing supplementary allowances for claimants' dependents. The average weekly payment to beneficiaries who received dependents' allowances during September 1946-March 1947 was about one-fifth more than they would otherwise have received. Among all beneficiaries in the four States, 44 percent of the men but only 6 percent of the women benefited by these allowances. These proportions varied from State to State because of differences in the "dependents" for whom allowances can be paid and in the maximum amounts payable.

The most notable improvements made in the State laws during the legislative sessions of 1947 were in adjusting benefits to more nearly approach a reasonable proportion of the wage loss experienced by unemployed workers. While rising wages and increasing living costs have been Nation-wide and unemployed veterans have been receiving readjustment allowances of \$20 a week, 10 States in July 1946 still had the \$15 maximum limit characteristic of early unemployment insurance laws. By the close of the fiscal year, 7 of these 10 as well as 10 other States had increased the maximum weekly benefit amount.

In other ways, too, some States amended the benefit provisions of their laws during the 1947 legislative year to keep in step with the advances made by other States in earlier years. Of the 10 States that increased the maximum weekly benefit (other than those with the \$15 maximum), 5 had had maximums of more than \$15 but less than \$20. Three States with a maximum of \$20 increased the amount—2 to \$25 and 1 to \$22 a week. Two with maximums above \$20, including dependents' allowances, increased the maximum. By the end of the fiscal year, 37 State laws provided maximum benefits of \$20 or more.

As would be expected, maximum annual benefits were increased in all States that raised the weekly benefit amount. Eleven States increased the maximum weeks of duration, and one reduced the maximum from 14 weeks, for those who qualified for the maximum, to a uniform period of 12 weeks for all claimants.



### *Eligibility and Disqualification*

Probably the most difficult job in unemployment insurance administration is determining whether a claimant is entitled to benefits. While the actual amount and duration of benefits which a worker can receive, as well as the past employment or earnings he must have had in covered work, are set forth specifically in State laws, the determination whether an individual is to receive benefits also involves a decision as to whether he is in fact able to work and available for work and is not subject to disqualification for reasons specified in the State law. Such a decision depends on administrative interpretation, and in reaching its conclusion the State agency must weigh numerous factors. As a result, there is great variation among States in interpreting their laws, even when the provisions are identical. Moreover, these decisions and amendment of the legislative provisions governing them are more sensitive than any other element of the program to labor-market conditions, labor-management disputes, and public attitudes toward the program.

In the fiscal year 1947, interpretation of the eligibility and disqualification provisions of State laws was affected greatly by the widespread industrial disputes that had taken place in the preceding year and by the fact that workers were drawing benefits while shortages of labor prevailed. The amendments to the eligibility and disqualification provisions passed during the 1947 State legislative sessions were of varying character. By and large, however, the relative number of persons disqualified during the year and the severity of the disqualifications were about the same as in the preceding year.

As an aftermath of the widespread industrial disputes in 1946, the State agencies were faced with thousands of claims from workers whose unemployment was due directly or indirectly to a labor dispute. In general, unemployment insurance laws disqualify workers who are unemployed because of a labor dispute that exists in the establishment where they last worked; 33 States provide that the labor dispute must have resulted in a work stoppage. Pennsylvania and Tennessee amended their labor-dispute provisions during the year to remove the limited disqualification period of 4 weeks. As a result, only 2 States now limit the disqualification to a specified number of weeks, and both of these States require a waiting period longer than normal.

*Availability for work.*—In 1945-46, State agencies were mainly concerned with the problem of determining what constituted suitable work for claimants displaced from war jobs. During the past year the emphasis shifted to determining the availability of claimants for work. This shift may have been due to public criticism of the program that developed in areas where workers were drawing benefits while shortages of labor existed. For the most part, this situation existed

because the workers who were unemployed did not fit the specifications of employers who needed workers and because the jobs offered were not suitable. When no suitable jobs are available to them, workers may properly draw benefits in the face of labor shortages. When such a situation occurs, however, the administrative agency should investigate to make certain that workers are referred to suitable jobs if any are available and that the workers are, in fact, available for work. This situation should not be used as a reason for automatically disqualifying workers who are available for suitable work.

In attempting to test the availability of claimants for work, a requirement that claimants be "actively seeking work" was added in eight States by legislative enactment, and in other States by administrative or judicial interpretation.

A requirement that claimants be actively seeking work is inherent in the availability provision. To establish his availability for work a claimant should be expected to do what any reasonable man in the same circumstances would do to obtain work suitable for him. In some occupations in which job openings are normally channeled through the employment service, registration at an employment office constitutes an active search for work. In other occupations, more may be required. When a claimant first registers for work, he should receive suggestions of reasonable methods by which he may be able to obtain work. To construe "actively seeking work" as requiring that all claimants make an independent search for work, regardless of the usual method of obtaining work in their occupations or the specific local labor-market situation, would involve many workers in a fruitless and aimless search for work which the coordination of the employment service and the unemployment insurance system was designed to avoid.

*Extent and type of disqualification.*—Disqualifications under State unemployment insurance laws take two forms: postponement of benefits either for a specified period or for the entire time the claimant remains unemployed or until he has been reemployed and earned specified amounts; or reduction in the amount of benefits for which he is eligible, combined with a postponement period or a cancellation of some or all potential benefit rights. In 27 States, disqualification provisions only postpone benefits for the three major statutory causes—voluntarily leaving a job without good cause, refusal of suitable work without good cause, and discharge for misconduct connected with the work—while 24 States either reduce benefit rights, in addition to postponement, or cancel them for one or more of these reasons. During the 1947 legislative sessions, Idaho and South Dakota deleted the provision requiring cancellation of wage credits, while Maryland and Tennessee added such a provision, although not in connection with the three major disqualifications.

Of the 373,000 disqualifications imposed from July 1946 to March 1947 for all reasons except labor disputes and receipt of other remuneration, three-fourths involved only postponement of benefits, while the other fourth reduced or canceled benefit rights. Among those involving postponement only, 33 percent postponed benefits for less than 6 weeks, less than 1 percent for 10 or more weeks, and 50 percent indefinitely—that is, for the duration of the claimant's unemployment or until he has earned a specified amount. Among the one-fourth that reduced or canceled benefits, 48 percent reduced benefits for less than 6 weeks, 12 percent for 10 or more weeks, and 12 percent involved complete cancellation.

### *Appeals*

Lay-offs following the Japanese surrender not only caused a tremendous increase in claims but also brought a relatively greater increase in appeals, which continued to increase in this fiscal year. While there were 19 appeals dispositions for every 1,000 initial determinations during July–December 1945, in the corresponding period of 1946 there were 32. In addition to these appeals under the unemployment insurance system, the State appeals bodies heard and disposed of many thousands of appeals under the servicemen's readjustment allowance program.

Three important factors in the rise of appeals were the restrictive policies on eligibility, the relatively new and untrained personnel in the local offices, and the lack of familiarity with the program on the part of workers who had entered the labor force during the war. There were other contributing factors, also, such as the wave of labor disputes.

Appeals organizations had been small, with a handful of referees, stenographers, and clerks. To meet the rise in the volume of work, staffs had to be doubled and quadrupled. New personnel had to be found and trained, and often the entire appeals organization had to be recast. Appeals bodies made every effort to meet the almost impossible demands made on them. In the 4 months January–April 1947, they disposed of 68,300 unemployment insurance appeals, almost three times as many as in the first 6 months of 1945. Nevertheless, at the end of April 66,800 cases, many of them months old, still awaited disposition.

The Bureau of Employment Security helped in every way it could. In some regions, conferences of appeals personnel and attorneys were held to discuss mutual problems—more efficient conduct of hearings, procedures, finding and training additional staff, writing brief but adequate decisions, and improving determinations to reduce the number of appeals necessary. Technical assistance, within the limits of available staff, was furnished State agencies that requested it. Such



assistance included surveys of methods and organization and the development of suggested simplifications to speed up the handling of cases. Methods and ideas found useful in some of the agencies were made available to appeals bodies in other States having similar problems. For example, one device successfully used to meet the need for stenographers was the use of machines to record testimony at hearings. In addition, State agency staff members were invited to Washington for training by Bureau technicians in various phases of appeals administration, such as the development and use of precedent manuals.

### *Financing Benefit Costs*

*Funds available for benefits.*—Despite a benefit outlay of \$834 million in the fiscal year, funds available on June 30, 1947, stood at \$7 billion, or \$300 million more than they had been a year earlier. Contribution collections totaled \$1,002 million and exceeded benefits by \$168 million. The rest of the increase came from the \$132 million in interest credited to the State accounts in the unemployment trust fund of the Treasury.

Although the increase in reserves was greater than during the preceding fiscal year, it was very small in comparison with the growth during the war years when, for example, reserves jumped by \$1.3 billion between June 30, 1944, and June 30, 1945. Two factors kept the reserves from rising sharply despite the high levels of employment and taxable wages during the year. The adjustments in our economic system incident to the redevelopment of peacetime production caused high benefit expenditures—the second highest fiscal-year total in the history of the program. In addition, collections declined as a result of a drop in the average effective tax rate for the Nation and a reduction in the war-risk contributions which were levied in several States. The tax rate declined from 1.6 percent in the preceding fiscal year to 1.5 percent—the lowest point since 1937—largely because under the experience-rating provisions in most State laws the rates were based on the low benefit expenditures during the war years.

The reserves of all but six States increased along with the increase for the country as a whole. The decreases occurred in some of the larger, more industrialized States; in Massachusetts the reserve dropped 8 percent during the fiscal year, but the decline in the other five did not exceed 2.5 percent.

The ratio of total funds available for benefit payments to the amount of taxable wages in the previous calendar year declined from 11.5 percent on June 30, 1946, to 11.3 percent a year later. No State had a reserve of less than 6.6 percent of 1946 taxable wages, and every State had in reserve the equivalent of at least 2.8 times its highest annual benefit outlays. Nationally, funds available for benefits were equivalent to 6.4 times the amount paid out in 1946, the year of greatest

expenditures; in 38 jurisdictions, reserves were as high as the national ratio, or higher, in relation to maximum annual benefit outlays.

Benefit disbursements, which had exceeded tax collections by 8.2 percent during the fiscal year 1946, ran 16.8 percent below collections during the fiscal year 1947. Outlays in 26 jurisdictions amounted to less than half of collections. In 9 States, however, benefits exceeded collections by anywhere from 10 to almost 75 percent.

*Experience rating.*—The 1947 legislative sessions were characterized by proposals for experience rating in States that have been without such provisions and by efforts to obtain further rate reductions under existing experience-rating provisions. Alaska, Montana, Rhode Island, Utah, and Washington all adopted experience rating for the first time.<sup>3</sup> Mississippi, where the legislature was not in session, remains the only State with a statutory provision for collecting the tax at the full 2.7-percent rate from all employers.

Each of the five States adopting experience rating for the first time departed from systems using, as the sole measure of an employer's experience, benefit payments or any factor directly based on benefit payments. Alaska and Washington have rate formulas using an employer's experience with annual pay-roll declines, Rhode Island has a formula using quarterly pay-roll declines, and Utah a formula based on a combination of annual and quarterly pay-roll declines plus the number of years an employer has paid contributions. In Utah the pay-roll approach is experimental in that the legislative council is to study the actual operation of the pay-roll decline system and an alternative benefit-ratio plan and make recommendations by December 1948. The laws adopted in these four States avoid experience rating's greatest drawback—the close relationship between the benefits paid an individual worker and his employer's tax rate. The experience-rating formula adopted in Montana requires the Unemployment Compensation Commission to take account of annual pay-roll declines, the number of years an employer has paid contributions, and the benefits charged to his account.

New York made a major change in its experience-rating formula. While retaining two of the three factors on which measurement of an employer's experience with unemployment was based—pay-roll declines from quarter to quarter, and number of years in which contributions have been paid—it substituted the ratio of benefit wages to total wages for the former factor of pay-roll declines from year to year.

The trend away from reserve accounts, for which the requirements in the Federal act are much more stringent than they are for pooled funds, continued in the 1947 sessions. Nebraska and South Dakota

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<sup>3</sup> Previous experience-rating provisions in the Utah law had been deleted before they became operative.

now have pooled fund laws, and only Kentucky and North Carolina have individual employer reserves.

As would be expected in a period when reserve funds remained high, there was considerable support in State legislatures for changes in the experience-rating provisions to make it easier for employers to get lower rates or to lower existing rates. Penalty rates (above 2.7 percent for employers with unfavorable experience) were eliminated in 4 States and suspended for 1947 in another. At the end of the fiscal year, only 13 States had provisions for assessing any employer, however bad his experience with the risk of unemployment, at a rate above 2.7 percent. Reserve requirements for reduced rates had been lowered in 16 States and minimum rates reduced in 18.

The many proposed amendments to the experience-rating provisions of State laws presented the Social Security Administration with difficult questions relating to the conformity of the State laws with the additional-credit provisions of the Federal act. One question of far-reaching importance was whether a plan based on annual declines in pay rolls permitted reduced rates on the basis of an employer's experience with the risk of unemployment. Alaska and the State of Washington proposed plans that based experience rating on pay-roll declines rather than on benefits paid. In both jurisdictions, employers engaged in seasonal industries objected to the use of quarterly declines in pay roll. Seasonal employment is the rule rather than the exception in Alaska's three principal industries—salmon canning, gold mining, and general construction—while Washington's chief industry is highly seasonal logging and lumbering.

The Social Security Administration decided that rates based entirely on the general downward or upward trend of each employer's business as reflected by annual pay-roll declines would be consistent with section 1602 (a) (1) of the Internal Revenue Code. Since annual declines give little reflection of seasonal unemployment or of unemployment due to labor turn-over within a year, they are not closely related to the benefit costs under an unemployment insurance program, nor do they give evidence of the day-to-day risk of unemployment. They do, however, relate rates to economic trends as they affect all business and to special trends affecting the particular industry in which an employer is engaged. The legislatures of Alaska and Washington adopted annual pay-roll declines as the measure of experience in determining rates.

As the States considered the use of quarterly pay-roll declines to measure experience, questions arose about the treatment of declines that were caused by a labor dispute or some catastrophe, such as fire or flood. The Social Security Administration held that an employer's records may be adjusted to eliminate the effect of declines due to a labor dispute since such declines do not usually result in payment of



benefits. However, pay-roll declines resulting from fires, floods, and the like must be included in any rate determination because they do usually result in benefit payments.

Similar difficult questions have arisen each year, as State legislatures introduce amendments designed to handle special problems and the Administration tries to administer the Federal act in the light of its specific provisions and the congressional intent. As a result the experience-rating provisions of State laws have become more complex, while basic difficulties in existing provisions remain—that is, contribution rates tend to vary inversely with the business cycle, the rate structure penalizes new employers, employers in the same industry and with the same experience in different States pay different tax rates, and in most States the fact that tax rates depend on benefit charges encourages employers to resist payment of benefits to their former workers.

### *Financing Administrative Costs*

The regular title III appropriation for 1946-47 provided \$49.0 million to finance the administration of the 51 unemployment insurance laws. Work loads for the first half of the fiscal year, however, were larger than were provided for in the regular appropriation, and a deficiency appropriation of \$9.1 million was requested by the Social Security Administration and approved by Congress, effective May 1. Thus, a total of \$58.1 million was appropriated for State employment security agencies for 1946-47. In addition, these agencies received approximately \$30.5 million from the Veterans Administration for the operation of the veterans' readjustment allowance program.

The procedure established last year for State participation in preparing estimates of work loads and costs as guides in determining the amount of the appropriation request under title III was continued this year. The experience gained by the States and the Bureau of Employment Security in the preceding year produced a very marked improvement in the data obtained from the States. The meetings held with the Administrative Grants Committee of the Interstate Conference of Employment Security Agencies resulted in other cooperative actions. At the request of this committee, State technicians cooperated with the Bureau in revising and improving the method of time distribution used by both the States and the Bureau in appraising State personnel needs. The standard functional code definitions used in making the distributions were revised, the code was expanded to cover employment service activities, and other changes were made to obtain more representative and accurate time factors.

Also as a result of suggestions made by the committee and the States, a new plan of State budgeting was devised that simplified the present

budgeting methods by establishing a fixed number of hours for minimum work-load requirements and variable additional amounts for work-load increases in excess of the minimum. Experimental work on this type of budgeting was undertaken in seven States during the later months of the fiscal year.

The return of the public employment services to the States on November 16, 1946, as directed by Congress, required the modification of existing fiscal procedures in several areas, including instructions for the preparation and submission of budgets. In cooperation with representatives of the Veterans Administration and the Department of Labor, these instructions were revised so as to provide for the submission of joint budgets covering the financial needs of the State unemployment insurance, veterans' readjustment allowance, and State employment service programs. Similar action was also taken in developing a framework for the issuance of joint fiscal standards, including methods of accounting and financial reporting.

#### *Temporary Disability Insurance Coordinated With Unemployment Insurance*

The fiscal year saw increasing interest among State employment security agencies in the question of cash benefits to individuals unemployed because of illness, although no additional States joined California and Rhode Island in enacting such legislation. These two States, however, took advantage of the amendment to the Social Security Act permitting withdrawal of employee contributions deposited to the State accounts in the unemployment trust fund to pay temporary disability insurance benefits. California withdrew a part of the employee contributions for 1944 and 1945, and the Rhode Island Legislature authorized the withdrawal of all employee contributions. Fourteen other State legislatures considered temporary disability insurance legislation. In some States, three or four different plans were introduced. In one State a bill was passed by the legislature but vetoed by the Governor on technical grounds; the provisions of the bill, however, could have become effective only when Federal legislation was enacted. In another State, where the legislature adjourned after having considered several bills but taken no action, the Governor announced his intention of calling a special session on temporary disability insurance.

Rhode Island and California amended their laws. In Rhode Island, although the maximum weekly benefit and maximum potential duration for unemployment insurance were raised to \$25 and 26 weeks, maximum cash sickness benefits were kept at \$18 for 20.3 weeks. The disability insurance contribution rate was lowered from 1.5 percent to 1 percent effective July 1, 1947, and the amount available for administration was increased to 6 percent of contributions. California's

chief amendments increased the maximum benefit amount and maximum potential duration for both unemployment and disability benefits to \$25 and 26 weeks and provided for the payment of benefits for days of disability, rather than for full weeks only, after a waiting period of 7 days in each spell of disability.

Benefits under the California law became payable December 1, 1946. Unlike the Rhode Island law, which includes all covered workers under the State fund, the California law permits employers to contract out of the State-wide fund if the private plan meets certain standards specified in the law. By the end of June 1947, after 7 months of benefit payments, 80,000 individuals had filed disability claims under the State fund, and 18,000 had filed under private plans.

In order to aid States considering the extension of their unemployment insurance plans to include temporary disability insurance, the Bureaus of Research and Statistics and of Employment Security in January issued a revision of an earlier statement on temporary disability insurance coordinated with unemployment insurance. This publication dealt with the substantive and administrative problems that a State would have to meet in enacting and putting into effect such a program.

#### *Other Aspects of Federal-State Administration*

One of the chief functions of the Bureau of Employment Security is to assist State employment security agencies in performing a more efficient job and to offer leadership to the States in providing for a sound system of unemployment insurance. The Bureau's staff gives general suggestions to all States and, on request, individual advice and help to specific States. Because it receives and studies reports from all States, the Bureau also serves as a clearinghouse of information on legislative, interpretative, operating, and statistical experience of all States. The Bureau has also helped the State agencies in developing a broad informational program.

*Relations with the employment service.*—The return of the employment services to the State agencies brought with it serious problems of absorption of staff and organization in the States, as well as problems of coordinating the work of the U. S. Employment Service and the Bureau of Employment Security. The Social Security Administration has continually stressed the need for the closest coordination of the employment service and unemployment insurance for the purpose of promoting the utmost efficiency and economy in operations. A majority of the State agencies have been in agreement with this philosophy and have provided for a single State administrator responsible for the direction of the entire employment security program; they have also provided for fiscal, personnel, and research divisions serving both the employment service and unemployment insurance. This same philosophy has prevailed in the operation of the local



employment offices. In most local offices, one manager is responsible for all the activities of the office, including both the employment service and unemployment insurance.

During the year the Bureau and the Employment Service, in cooperation with the State agencies, worked constantly for the improvement of placement and benefit activities. The Bureau and the Employment Service also developed joint fiscal, personnel, auditing, statistical, and other procedures in order to simplify as much as possible the problems involved in a single State agency's having to deal with two Federal agencies administering two programs. This cooperative work has greatly simplified the problems for the State agencies. Many of the remaining problems should be eliminated with the return of the Employment Service to the Federal Security Agency after the expiration of the First War Powers Act and in the absence of further legislation.

*Legislative advice.*—The Bureau assisted the State agencies in preparing for the State legislative sessions as well as while the proposed amendments were being considered. Methods used successfully by some States in legislative planning were described to all State agencies. General informational material on the goals toward which unemployment insurance should aim in 1947 was sent to all States, as well as a general statement on legislative policy covering all phases of the unemployment insurance program. In addition, every State with a legislative session this year received individual legislative service, adapted to the economic and social conditions within the State. This service was given in various ways: through analyses of individual State laws and recommendations for their improvement, through legislative conferences in some regions and in some States, through review for policy and conformity of bills introduced during the legislative sessions, and through keeping the States advised of legislative developments in other States.

*Development of a sound benefit formula without wage records.*—In line with its responsibility for continuous study of the operation of the unemployment insurance system in order to suggest ways of improving it, the Bureau has for some time been interested in developing a sound benefit formula that would permit the elimination of the wage-record files for all covered workers, maintained by most State agencies for the purpose of benefit determinations. Maintenance of this central office file is costly, particularly in view of the fact that only a small proportion of the wage records is ever used. Even when claims loads are heavy, claimants represent only a small proportion of covered workers within a year. Moreover, unlike the situation in old-age and survivors insurance, where lifetime wage records are needed to compute benefits, the wage records on which unemployment insurance benefits are based become obsolete after 1½ to 2½ years.

The experience of the States indicates that no significant progress can be made in eliminating periodic wage records under most existing benefit formulas, which base benefits on highest quarterly earnings. The limitations imposed by periodic wage reporting, on the other hand, have prevented desirable improvements in the benefit formula. Consequently, the Bureau developed in tentative form two alternative benefit formulas and administrative plans that attain the dual objective of improving the formula and eliminating wage records. These proposals were discussed during the year at a conference with a group of State technicians, who endorsed their objectives. A memorandum summarizing the proposals was released to all State agencies to stimulate discussion while the plans were still in the developmental stage. Information and advice were obtained from the States, particularly as a result of field work in Michigan, Ohio, and Wisconsin, for use in refining the original proposals. A release describing the revised plans has been distributed to the State agencies.

*Interpretive work.*—Because the fiscal year was one of labor unrest and of unemployment existing side by side with job openings, the Bureau continued its work of developing basic principles for the application of the eligibility and disqualification provisions of State laws. To assist State agencies in meeting these current problems, the Bureau issued two statements of principles, one by a staff member of the Illinois agency on the principles underlying the labor-dispute disqualification in the State laws and the second on the prevailing conditions-of-work standard in the State and Federal acts. The Bureau also sponsored several conferences at which State and Bureau personnel participated in discussing the problems in applying eligibility and disqualification provisions. The principal topics were wage and skill differences in determining the suitability of work, the requirement that claimants must be actively seeking work, and the application of the labor-dispute disqualification.

*Operating problems.*—During the year the Bureau provided technical assistance, through 28 field surveys in 20 States, on almost every aspect of State agency operations. In 14 States the surveys covered claims-taking, claims determination and processing, and benefit payments. Various recommendations were made, and many have been accepted. The State agencies have adopted widely differing operating methods. Because of differences in laws, volume of work, economic and geographic conditions, and other factors, operating methods cannot be identical in every State. There are, nevertheless, good and bad methods, high-cost and low-cost procedures. The Bureau, in its surveys and field visits by technicians familiar with procedures of many States, assists the State agency in developing the method most effective for the particular situation. In addition, general suggestions on methods and procedures are developed. As improved tech-

niques were developed by State agencies or the Bureau, they were circulated for the consideration of all States. For example, descriptions of a method of reconciling benefit checks and suggestions for ways of routing claimants in local offices that had been used and found effective by some agencies were distributed to all States. The Bureau also continued its work on such subjects as field-audit activities, central-office benefit operations, cost and performance data on the use of mechanical equipment, and criteria for measuring the effectiveness of State agency operations. In several States, with the full cooperation of the State agencies, a program was installed for obtaining exact information on differences in time spent on various operations and on the relationship of such differences to procedures.

*Coordination and dissemination of information.*—With the end of the war, interest increased in the data growing out of the program. To make certain that these data are comparable among the States and to aid States in obtaining the data in the most efficient way, the Bureau initiated a program for verifying statistical reports that has been welcomed by the States. It also sponsored three biregional conferences to promote the growth and more effective utilization of State research and statistics work.

The Bureau, by arrangement with the Veterans Administration and the Railroad Retirement Board, continued to release each week a combined report on insured unemployment, based on claims filed under the three Nation-wide unemployment benefit programs—State unemployment insurance, veterans' readjustment allowances, and railroad unemployment insurance.

During the past year, State agencies showed a heightened interest in the greater development, for the information of the general public, of the employment and pay-roll data collected from employers on quarterly contribution reports. Since the Bureau of Labor Statistics of the Department of Labor was setting up a current monthly employment series, by industry, for each of the 48 States, which logically must be based on data from these contribution reports, the Bureau of Employment Security initiated the coordination of this project with the work of State agencies in the employment statistics field. In accordance with a Bureau of the Budget ruling, arrangements were made whereby any technically equipped State employment security agency may, if the State government so desires, become the local agent for the Bureau of Labor Statistics, subject to certain standards agreed upon by the BLS and the Social Security Administration as assuring interstate comparability. In such instances, the State agency would perform all the functions concerned with employment statistics within the State that the BLS would otherwise perform directly. Thus, the State agency is free, except for some interstate standards, to develop a program that will simultaneously meet Federal needs, specified in



advance, and local needs, as determined by the agency itself, for current monthly data on employment, pay rolls, length of workweek, and weekly and hourly wage rates for individual industries and geographical areas of the State. At the end of the fiscal year, cooperative arrangements of this sort had already been made with 12 employment security agencies and were under negotiation with 14 others.

### *Improving Unemployment Insurance*

Experience during the fiscal year 1946-47 once more demonstrated the effectiveness of the existing Federal-State system of unemployment insurance. Although it was a year of high-level employment, it was also a year of heavy turn-over and shifts in employment, resulting in heavy claims loads. The unemployment that occurred was largely concentrated among workers covered by the system or by the readjustment allowance program for veterans. Workers who became unemployed had, for the most part, relatively substantial benefits because of fairly steady employment and high wages in recent years and the substantial improvement in the benefit provisions of State laws since 1945. The program therefore constituted an invaluable resource in aiding millions of individuals during their search for work. It demonstrated that provision for unemployment insurance did not deter individuals from taking jobs when suitable ones were available. There is no doubt, moreover, that the system aided the country in attaining the highest level of civilian employment in its history.

Much still remains to be done, however, if the program is to achieve its objectives. Too many workers are still excluded from coverage. The benefits of many workers are too low to replace a reasonable proportion of their wage loss. Other workers whose past earnings and employment would entitle them to benefits are disqualified under harsh disqualification provisions or interpretation of State laws. The financing of the program needs thoroughgoing revision.

### *Coverage*

At the beginning of the fiscal year, maritime employment for the first time was made subject to the Federal Unemployment Tax Act, and by the end of the year most workers in the industry were covered under State laws. This was the first time since 1935 that the coverage of the Federal act had been extended to any major group originally excluded. The speedy action by State legislatures to include maritime workers bears ample testimony to the effectiveness of the tax-offset device for spreading coverage quickly and uniformly throughout the country. There remains, however, the urgent need for extension of the Federal act to other groups. Even without extension of the Federal act, 29 States have extended coverage beyond the limitation of the

Federal act to employers of fewer than eight workers. Moreover, 29 States have signified their willingness to extend coverage automatically if the Federal act is amended to include smaller firms than the State law now covers. Since 1938 the Social Security Administration has recommended coverage for employers of one or more. Such action is long past due, as is coverage of other excepted groups.

Among the other excepted employments that should also be included under the Federal Unemployment Tax Act is employment by nonprofit institutions, already included under two State laws. Large-scale layoffs from some Federal establishments at the end of the fiscal year, with the resultant unemployment of many workers who had been employed for several years by the Federal Government, have clearly demonstrated the need for unemployment insurance protection for these workers. The Administration strongly recommends that permanent provisions be made so that Federal workers will be protected when they are unemployed. We believe that one of the methods that could be used is that provided by Congress for another group of Federal employees—seamen employed by the War Shipping Administration and the Maritime Commission.

### *Financing Benefit Costs*

In planning the financing of the unemployment insurance program, the Committee on Economic Security recommended and Congress established a 3-percent Federal tax on pay rolls. The accompanying provision, which permitted employers to offset up to 90 percent of that tax for the contributions paid into State funds, in effect established a basic State contribution rate of 2.7 percent as necessary to finance benefit outlays over a business cycle.

Eight years of State benefit experience have provided a basis for revision of the tax rate and a better understanding of the variations in benefit expenditures with changes in employment and earnings. Furthermore, vast reserves have accumulated in the unemployment trust fund since 1935 despite the fact that all but a few States, through the experience-rating provisions of their laws, have lowered their average rate far below the basic statutory rate, and that almost all States have increased the duration of benefits and most of them have reduced the waiting period to 1 week. The average effective rate for the Nation as a whole during the past fiscal year was 1.5 percent. In two States—Delaware and the District of Columbia—the average effective rate fell below 0.7 percent. Faced with automatic increases in rates for the period ahead because of increased benefit expenditures, several States amended their laws to make it easier for employers to obtain or keep their low rates. Other States reduced the maximum and minimum contributions imposed on employers. These changes have operated to place the program on almost a current financing basis, with total annual contributions roughly equaling annual benefit ex-

penditures and leaving available reserves untouched. Estimates based on accumulated experience indicate that during a 10-year cycle the costs of the program for the country as a whole might average less than 1.5 percent if peak unemployment amounted to about 10 percent of the civilian labor force, and somewhat under 2 percent if peak unemployment were as high as 20 percent. Furthermore, a portion of this cost would be met each year by the interest earnings of the accumulated reserve funds.

The Social Security Administration therefore believes that the Federal law should be amended to provide for a downward revision in the Federal tax to 2 percent, which would permit employers to offset up to 1.8 percent for their contributions to the State system. Such a change need not affect the rate schedules of State laws, but it will more nearly reflect the actual experience of the past few years as well as conditions in the immediate future.

We recommend also that the additional-credit provisions of the Federal act be amended so that States may reduce employer contribution rates in any way they desire. Under existing standards for allowance of additional credit against the Federal tax, all reductions in rates of contributions to a pooled fund must be based on the experience of the individual employer "with respect to unemployment or other factors bearing a direct relation to unemployment risk during not less than the 3 consecutive years immediately preceding the computation date." These standards prevent State adoption of plans for rate reduction that would be simpler and more desirable for the States and also for the Nation. Many States believe it would be sounder and fairer to adjust rates on a uniform, rather than an individual employer, basis but cannot do so under existing provisions. Obviously, a uniform adjustment applicable to all employers would be simpler and more economical to administer. Moreover, under the present experience-rating provisions of State laws, a sustained sharp rise in unemployment and benefit outlays might lead to higher contribution rates at a time when the interests of economic stability would be better served by reducing or at least maintaining the same level of contribution rates.

This recommendation does not imply that States cannot, if they so desire, continue to rate employers according to their individual experience with the risk of unemployment; it merely suggests broadening the basis on which employers can get additional credit against the Federal tax by permitting a State, if it so desires, to tax all employers within its jurisdiction at reduced rates determined by the State to be sufficient to meet its liabilities.

Another advantage of permitting States to grant uniform tax reductions to all covered employers is that the existing discrimination



against new firms, many of which are small and veteran-owned, could be eliminated. Under present provisions, a reduction in tax rates may not be considered until the employer has been subject to a State unemployment insurance law for at least 3 years. As a result, new employers now pay contributions for a period of years at what amounts to the maximum rate in all but 12 States, while the older, more established firms with whom they must compete pay at greatly reduced rates. If States were free to reduce the rates of all subject employers uniformly, the new employers would benefit immediately. This proposal would also remove a major obstacle to extension of coverage to groups now excluded. There has been natural reluctance to extend coverage to new groups of employers if such extension meant that they would have to be taxed for several years at a rate considerably higher than that for the vast majority of subject employers.

If States are not to be permitted to make uniform tax reductions, we recommend that immediate action be taken to amend the additional-credit provisions of the Federal act to make possible the granting of lower tax rates to new employers. Under such an amendment, newly subject employers would be taxed at the average employer tax rate in the State until they had accumulated enough experience to be rated on an individual basis. Such a device, while it would not have all the advantages of a uniform tax-reduction plan, would at least keep experience rating from discriminating against new employers and would remove a major obstacle to extension of coverage.

Further to encourage States to use their unemployment insurance reserves to the greatest possible advantage, we believe that the temporary provisions for loans from the Federal unemployment account should be made permanent and that consideration should be given to modification of the conditions for and amounts of advances to States. The availability of loans from this account during future emergencies would give States time to adjust their finances to the needs of the economic system and would increase the flexibility of their financing methods. The ready availability of such advances would also increase the over-all efficiency of the financing of the program since, in the absence of such an automatic loan which makes funds available quickly, each State must be prepared to meet all contingencies from its own resources. One way in which the loan plan would be of greater help to the States when needed would be through amendment of title XII of the Social Security Act to provide that a State's eligibility for an advance be based on the relationship of its reserve to benefit payments, that the amount of the advance be equal to the total excess of benefits over collections, and that the State be required to repay the advance within a specified period with interest at a low rate. The Federal unemployment account should be made up of the excess of Federal unemployment tax collections over total

expenditures for administering unemployment insurance and the employment service.

Enactment of these recommendations would go a long way toward improving the financing of the unemployment insurance program. Any change in unemployment insurance financing, however, should take account of pressing needs for temporary disability insurance and the revenue requirements of such an insurance program. Two States have already enacted laws providing cash sickness benefits financed from employee contributions originally collected for unemployment insurance purposes. The temporary disability system for railroad workers goes still further. It provides that contributions and reserves originally intended solely for unemployment insurance can now be used for both unemployment insurance and temporary disability. Consideration should be given to permitting the States to do likewise, if they establish temporary disability systems coordinated with unemployment insurance. As a minimum, title III grants should be available to any State employment security agency administering a program of temporary disability coordinated with unemployment insurance.

Such a coordinated program offers a feasible approach to some of the untouched area of economic insecurity arising from sickness and disability. It can be of significant value to workers and employers within a State and to the State as a whole. The importance of the program to all groups, however, will depend in considerable part on the soundness and effectiveness of the provisions actually incorporated in the State law—that is, the establishment of a system that is simple, understandable, and economical of administration, returns fair value to its contributors, and furthers the basic objectives of all social insurance.

In formulating the plan for such a program, no decision is more important than that concerning the type of fund to be used in financing and administering the benefits. Sickness and disability are more common among some groups of wage earners than others and are most common among the workers whose earnings are lowest and most irregular. If the cost of insurance is not to be too great for the groups with the highest disability rates and the greatest need for protection, the risk must be pooled so that contributions from the more fortunate groups help to pay the costs of benefits to the less fortunate. This is the essence of social insurance.

### *Financing Administrative Costs*

The administrative expenses of State employment security systems (employment service and unemployment insurance) are met through three separate appropriations: grants under title III of the Social Security Act for proper and efficient administration of State unem-

ployment insurance laws; grants from the U. S. Employment Service, now in the Department of Labor, for proper and efficient administration of State employment services under the standards of the Wagner-Peyser Act; and grants from the Veterans Administration for the administration of the readjustment allowance program. The use of separate appropriations for financing these programs has resulted in difficult budgetary, accounting, and auditing problems despite the fact that the three Federal agencies through cooperative efforts have issued joint budgetary instructions and fiscal standards to the States. Since, in the absence of further legislation, the U. S. Employment Service will be returned to the Federal Security Agency 6 months after the official termination of the war, the Social Security Administration recommends that the administrative costs of both the State employment services and the State unemployment insurance systems be financed through a single appropriation and administered by the single Federal agency administering the social security program. Such changes should go a long way toward easing the budgetary problems of the States and should eliminate the difficulties that have developed because the State agencies have been financed through several appropriations.

We believe that Congress should also give serious consideration to the method employed in financing the administrative costs of State employment security agencies, in order to determine whether the present method—the 100-percent grant by the Federal Government for proper and efficient administration of State laws—should be continued or some alternative method adopted. Any consideration of changing the method of financing administrative costs should be tested against certain criteria, such as the following: Will the suggested method result in adequate financing in all States? Will it promote economical and efficient administration? Will it provide the flexibility necessary for a dynamic program like employment security? Will it give an incentive for maintaining an integrated and cohesive employment security system throughout the country?

Despite its difficulties, the present method of financing the administration of the system has in fact provided more adequate administrative funds than the funds provided other departments in most State governments. The availability of a pooled Federal fund for paying the administrative expenses of 51 separate programs has assured equitable treatment for all States, whether they are large or small, highly industrialized or rural. Methods employed in distributing funds among the States have been continuously improved, with the advice and help of the States themselves. State participation in the preparation of title III appropriation requests should go far toward introducing some State responsibility for the congressional appropriation. Consideration has been given to legislative provision for a



contingency fund, to be available at the beginning of the fiscal year and to be used only if an increase in work loads makes it necessary. In a dynamic program, such a step seems necessary if the States are to have additional funds when the need arises.

It is clear, however, that basic changes in the method of financing administrative costs will have far-reaching implications for the entire Federal-State program. All suggested modifications must be carefully weighed to determine their effects, not on a single State or a group of States, but on all States and on the Nation-wide program of employment security.

### *The Nation's Stake in Unemployment Insurance*

The economic picture in 1947 is in sharp contrast to the situation only 12 years ago, when the original Social Security Act was passed. Then we were emerging from a depression, and about 9 million persons were unemployed and without unemployment insurance protection. Now 31.5 million persons are employed in industries covered by the system, and practically all the 2.5 million or so persons now unemployed are claimants under the State laws, railroad unemployment insurance, or the veterans' readjustment allowance program.

While the program has never operated through a serious depression, it has made important contributions to the economic security of the Nation. During the defense program and the war years, it prevented the dispersion of the labor force and helped assure its availability when and where it was needed by compensating individuals who were unemployed because of shortages of materials and curtailment of peacetime operations. When large-scale lay-offs from war-production industries occurred immediately after the Japanese surrender, the program helped to compensate for the loss of earnings of war workers who had contributed to the war effort; when the country began reconverting to peacetime production, the availability of benefits eased the transition and helped in the orderly reconversion of the labor force. In the period ahead, this Nation-wide program should continue to make a major contribution to the stability of the economy and the well-being of the American people. That objective is now important not only to the Nation itself but also to the Nation's role in international affairs.

The method adopted for initiating unemployment insurance in this country proved its usefulness by speeding the enactment of unemployment insurance laws. Within 2 years of the passage of the Social Security Act, every State had an unemployment insurance law. There is no question that, but for positive action by the Federal Government, the situation would have been very different, as even a cursory glance at the development of workmen's compensation in this country indicates.

Furthermore, the Federal-State system is stronger today than it was originally. Benefits have been increased in amount and duration. Five States provide additional allowances for the dependents of beneficiaries. While no State law contains provisions for both maximum weekly benefits of \$25 and a benefit duration of 26 weeks for all eligible workers, the goal recommended by the Social Security Administration, 11 State laws provide maximum weekly benefits of \$25 or more for claimants eligible for the maximum, and 7 States pay benefits up to a maximum of 26 weeks. Among these are some of the larger industrial States, where unemployment may be heaviest. This is a far cry from 1937, when only 2 States paid a maximum of more than \$15 (\$16 in one and \$18 in the other) and only 5 States paid benefits for as many as 20 weeks. While the development has not been uniform throughout the country—and as a result, workers exposed to risks of similar wage loss receive different benefits—the competition among the States, within the framework of a Nation-wide program, has served to push the laggard States forward to the goals recommended by the Social Security Administration and established by the more progressive States.

In some respects, however, the program is weaker than it was originally. Today 24 States disqualify a worker by reducing or canceling his benefit rights; in 1937 only 7 States had such provisions. Today 17 States disqualify claimants for voluntarily leaving their jobs, unless the cause is attributable to an employer or the employment; in 1937 only 4 laws contained such provisions. The trend toward inclusion of such provisions in State laws has lessened, however, and it is to be hoped that future State legislative sessions will delete those provisions from their laws, so that a disqualification will serve the purpose for which it was designed—limitation on the risks compensated rather than punishment for misdeeds.

The changes that have been made in the benefit, eligibility, and disqualification provisions of State systems since the early days have been within a framework of Federal legislation that gives States complete responsibility for those provisions (except for the Federal provisions protecting certain labor standards) and makes the Federal Government responsible for recommending changes that will improve the program. There is no question that the existing Federal-State system has provided a pattern in which the interests of individual States have been welded together into a coordinated Nation-wide program that has served well the workers of the country. The Social Security Administration still believes that the soundest way of providing protection to workers when they are unemployed is through a coordinated national program that covers the major risks to which the worker is exposed during his lifetime. There is no doubt, however, that the present Federal-State system of unemployment insurance has already

become a vital institution in our economic life and that it can be expected to provide in the future more effective protection against the hazards of unemployment. The system is manned by persons experienced and expert in the field of unemployment insurance and conversant with day-to-day local problems but for that very reason more subject to local pressures that frequently take precedence over national needs. In such circumstances, the issues of States' rights and national needs are bound to arise even when the country, in other fields, is debating questions of national sovereignty and international cooperation. Probably these issues are part of the strength of the system, for only by interchange of ideas and active debate over policy can an institution continue to develop in a democratic society, where the people are the final determinants of public policy.

It is important for the years ahead, however, that our unemployment insurance system be so organized that it makes its maximum contribution to the maintenance of a high level of employment in the Nation. The program should be broadened to include persons not now covered, and other defects should be remedied.

It is important, too, that the employment security program continue to function as part of a comprehensive system of social security. Old-age and survivors insurance and unemployment insurance cover largely the same workers and should move in the direction of uniformity of coverage. With uniformity the reporting burden for employers would be simplified and the program made more understandable to workers. Close administrative relationships already exist between the two insurance programs in the exchange of information on newly subject employers, on proper industrial classification of employers, and the preparation of bench-mark data for estimates of employment and wages. A few State employment security agencies have successfully experimented with the use of old-age and survivors insurance wage data for determining unemployment insurance benefit rights, and many agencies have used a report form identical with that used for old-age and survivors insurance in obtaining wage data from employers subject to the State unemployment insurance law. Under the temporary program of unemployment allowances for seamen, the State agencies are obtaining the necessary wage records from the Bureau of Old-Age and Survivors Insurance. Such close administrative relationships between the two existing insurance programs must continue if efficient and economical administration is to result.

The employment security program also has close relationships with the public assistance programs. Since both are Federal-State programs, both have been subject to a single set of personnel merit-system standards and, in many ways, a single set of fiscal standards. These devices make for ease and economy of administration and should be continued and expanded.



Temporary disability insurance provisions are developing along the same sound line of coordination. The two laws already in effect, in California and Rhode Island, provide for coordination of the unemployment insurance and temporary disability provisions. Eighteen of the 23 bills introduced in the State legislatures in 1946-47 provided for administration of temporary disability insurance by the State employment security agency and for close coordination of the programs. Moreover, the closeness of these programs was recognized by Congress when it permitted the State agencies to utilize for temporary disability insurance the employee contributions collected for unemployment insurance purposes and when it permitted the funds accumulated in the railroad account of the unemployment trust fund to be used similarly. Nor should such coordination stop there; the establishment of permanent disability insurance, which the Social Security Administration believes should be an integral part of the old-age and survivors insurance program, requires coordination of both temporary and permanent disability provisions. Both programs involve the use of medical certification and rehabilitation services that are part of the basic responsibility of the Federal Security Agency.

Moreover, all the social insurance programs have common concepts and administrative and financial interrelationships that require continual review, revision, and coordination in the light of changing economic and social conditions. The costs of any one program—old-age and survivors insurance, unemployment insurance, temporary or extended disability insurance—must always be considered in relation to the costs of the other programs, for only by such coordination of the entire field can the social security program make its maximum contribution to the economy as well as to the individual and his family.

Although there is not full agreement as to what is wrong with the present employment security program and the exact remedies needed, we believe the time has come to submit the program to study and investigation by a group of experts. Senate Resolution 320, passed in 1946, authorized the Senate Finance Committee to make a full and complete study of social security and to appoint an advisory council of experts to work with it and advise it; an advisory council was not appointed, however. A similar resolution (S. Res. 141) was passed in 1947. It is hoped that such a council<sup>4</sup> will give serious consideration to the problems affecting unemployment insurance and the relation of unemployment insurance to all other aspects of social security. The maintenance of a high level of employment in this country is not only the major domestic problem for us in the years ahead but also of equal concern to the democratic peoples of the world. An effective and adequate program of unemployment insurance is one of the Nation's bulwarks against economic insecurity.

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<sup>4</sup> An Advisory Council of 17 members was appointed in September 1947.

## *PUBLIC ASSISTANCE*

THE SOCIAL AND ECONOMIC ADJUSTMENTS accompanying the re-conversion had sharp impact on public assistance in the fiscal year 1946-47. To enable States to meet more effectively the mounting costs of assistance resulting both from an upward trend in the number of needy aged and blind persons and dependent children in the Nation and from the rise in living costs, Congress in July 1946 enacted temporary legislation amending the public assistance titles of the Social Security Act. The amendments, which became effective in October for a period of 15 months,<sup>5</sup> provided for increased Federal financial participation in the three types of assistance and for matching administrative costs in old-age assistance on the same basis as in aid to dependent children and aid to the blind.

For assistance to the aged and the blind the maximum on the amount of individual monthly payments in which the Federal Government will share was raised from \$40 to \$45. In aid to dependent children, the maximum for Federal matching was raised from \$18 to \$24 a month for the first child in a family and from \$12 to \$15 for each child in the family beyond the first. The Federal share of old-age assistance and aid to the blind is two-thirds of the first \$15 of the average monthly payment per recipient, plus one-half the remainder within the maximums. Similarly, the Federal share of aid to dependent children is two-thirds of the first \$9 of the average monthly payment per child, plus one-half the remainder up to the maximums. Previously the Federal share of assistance in all three programs was one-half of matchable expenditures.

The Federal Government now pays a sum equal to one-half the amounts expended by the States for proper and efficient administration in old-age assistance, as in the other two types of aid. Formerly, the Federal share equaled 5 percent of the Federal grant for old-age assistance.

The amendments made it possible for a State, if it spent as much per recipient from State and local funds as before, to increase average monthly payments \$5 in old-age assistance and aid to the blind and from \$3 to \$4 per child in aid to dependent children. In amending the act, Congress indicated the expectation that the increased Federal funds would be passed on to recipients and not used as a substitute for State and local funds.

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<sup>5</sup> The Social Security Act Amendments of 1947, signed August 6, 1947, extended the operation of these provisions from the end of 1947 to June 30, 1950.

### *Public Assistance in 1946-47*

#### *Administrative Steps To Implement Amendments*

To assure that State public assistance agencies were fully informed about the amendments and would be in a position to take quick and full advantage of the increased Federal funds, a conference of State public assistance administrators was held in Washington on September 5 and 6, 1946.

At this meeting the Commissioner for Social Security and the Director of the Bureau of Public Assistance reemphasized the fundamental objectives of public assistance as expressed in the permanent legislation. The requirements in the Social Security Act for approval of a State public assistance plan clearly indicate that the plan should be State-wide in operation. Otherwise there can be no assurance that needy persons throughout the State will have equal opportunity to apply for and, if eligible, to receive assistance. Temporary suspension of applications, waiting lists, and other barriers to getting assistance have existed in many States. Furthermore, within many States great differences occur from county to county, not only in the chance needy persons who are eligible have of getting on the rolls but also in the likelihood of their getting the same amount of assistance as would be provided to a person in like circumstances living elsewhere in the State. It was pointed out at the conference that the increase in Federal funds gave the States opportunity to correct inequities in the operation of their plans that resulted from insufficient funds.

Attention of the administrators was also focused on the importance of sound administration in achieving the goal of equitable treatment. Under the former 5-percent addendum in old-age assistance, many States—especially those making relatively small payments—received from Federal funds somewhat less than half the cost of administering old-age assistance. The change to a 50-50 matching basis makes it possible for such States to improve the quality of their administration.

The State administrators agreed to bend every effort to achieve the goals outlined by the Social Security Administration. State agencies were advised that the regional representatives of the Bureau were ready to confer with them concerning provisions of their State plans or administrative practices that constituted barriers to equitable treatment. Since such obstacles prevent full compliance with the Social Security Act, State agencies have been asked to establish time schedules for overcoming them.

In a report of current findings of the Bureau's continuing review of State and local administration prepared for each State as of September 1946, particular attention was given to practices that limited the freedom of individuals to apply for assistance, delayed the de-



termination of eligibility, or resulted in inequalities in the amount of assistance granted persons in similar circumstances. Some of the findings of this review, which were concurred in by the State staffs, are cited in subsequent sections of this chapter.

To guide the States in achieving the objectives set forth at the conference, the Bureau of Public Assistance has prepared and distributed proposed statements relating to the application process, establishment of the amount of assistance needed, and other aspects of administration. In accordance with established procedure for getting the benefit of State experience and judgment in formulating Federal standards and recommendations, the Bureau's regional representatives have discussed the proposed statements with State agencies, and the comments and suggestions of State staffs are being considered in revising the material.

Many States can make needed changes by administrative action. In some, however, basic problems can be solved only by legislation and fundamental changes in financing or organization that will enable the State agency to assume fuller responsibility for assuring that its branch offices or the local agencies administering the programs under State supervision are operating in accordance with the State's plan and the standards it contains.

### *Effects of Reconversion and Amendments on Assistance*

During the fiscal year, Federal grants for old-age assistance were made to the 48 States, the District of Columbia, Alaska, and Hawaii to enable them to assist aged persons in need. Grants for aid to dependent children were made to all these jurisdictions except Nevada, which provided a small amount of aid to dependent children from State funds. Grants for aid to the blind were made to 47 jurisdictions. Missouri, Nevada, and Pennsylvania have blind pension programs operated outside the Social Security Act. Alaska has no program for aiding needy blind persons. Some general assistance, financed entirely from State and local funds, was provided in all States. Small amounts of civilian war assistance were administered by State public assistance agencies acting for the Federal Government in 41 States.

The displacement of marginal wartime workers by returning servicemen and workers with higher skills, loss of servicemen's dependents allowances, and increase in the cost of living resulted in a sharp upswing in 1946-47 in the number of persons on the assistance rolls. The additional Federal funds made available by the amendments enabled some States to aid needy persons previously unable to get help because of limited State and local funds. Many States that had been severely hampered by stringency of funds were able to absorb waiting lists, lift restrictions on the filing of applications, and liberalize eligibility

conditions somewhat. The Bureau's administrative review found that in September 1946, the last month before the amendments became operative, all but 17 of the 58 State agencies administering one or more State-Federal assistance programs had some practices that created certain difficulties for individuals wishing to apply for aid or that delayed initial payments for those found eligible. Many of these practices resulted from insufficiency of funds, and some have been eliminated with more liberal Federal financing.

In June 1947, more than 4 million persons in the United States were receiving public assistance, 3.3 million of them through the programs under the Social Security Act. From June 1946 to June 1947 the number of families given aid to dependent children rose 27 percent, and the number of children, 26 percent. The number of cases on the general assistance rolls went up 20 percent. In old-age assistance the increase in recipients was 8 percent, and in aid to the blind, 7 percent.

A minor part of the increase in the old-age assistance rolls may be attributed to changes in administrative practices affecting the count of recipients, rather than to actual increases in the number of eligible individuals benefiting from assistance. Before the amendments, some States—chiefly in the South—customarily made joint payments of old-age assistance to husbands and wives when each was eligible for aid, counting only one as a recipient. Because the amendments make the number of recipients a factor in determining the Federal share of expenditures for old-age assistance, individual instead of joint payments are now generally made. Although this change in practice has relatively little effect on the count of recipients in the country as a whole, it affects the counts in some States appreciably.

Because case loads have been rising steadily, States have been unable to use all the additional Federal funds they received to raise the payments of persons already on the rolls when the amendments became effective. Nevertheless individual payments in the Nation increased by relatively sizable amounts. The average payment of old-age assistance was \$3.89 higher in June 1947 than in the preceding September. Payments of aid to the blind under State-Federal programs averaged \$4.23 more than in September. The increase in payments of aid to dependent children was \$6.26 per family and \$2.59 per child. Although general assistance is financed entirely from State and local funds, the average payment under this program rose \$4.50 per case, or less than half that much per individual.

Before the States could take full advantage of increased Federal financial participation, many of them found it necessary to make changes in their State plans. This was accomplished by administrative action, attorney generals' rulings, and in some instances by amendment of the State law. In practically all States some procedural changes were required. To modify State policies and stand-

ards and to put them into operation in the localities necessarily take considerable time. The full effect of the amendments on expenditures cannot therefore be determined until data for a longer period are available.

Expenditures from State and local funds for the three special types of public assistance combined were \$7 million greater in the January–March quarter than in July–September 1946, the last quarter under the former provisions for determining the Federal share of assistance costs. In January–March, expenditures from State and local funds for old-age assistance were \$1.4 million higher, and those for aid to dependent children \$5.4 million higher, than in the earlier quarter. State and local expenditures for aid to the blind remained substantially unchanged. In the early stages of operation under the amendments, many States withdrew some State and local funds, and several States transferred some State and local funds from old-age assistance and aid to the blind to aid to dependent children, where the need was more acute. In very few States has there been any significant decline in State and local effort to finance public assistance programs.

### *Recipients and Their Payments*

*Old-age assistance.*—More than 2¼ million persons in the country as a whole, or 214 per 1,000 population aged 65 and over, were receiving old-age assistance in June 1947. In Oklahoma the rate was 574 per 1,000, and in Colorado, Georgia, and Texas the rates were more than 400 per 1,000; on the other hand, in Connecticut, Delaware, the District of Columbia, Maryland, New Jersey, New York, and Virginia, fewer than 100 persons per 1,000 were on the rolls.

Many factors account for the variations among the States in the proportions of their aged populations receiving old-age assistance. One factor is the difference in the relative protection afforded old people under the program of old-age and survivors insurance. In June 1947, aged persons receiving benefits under old-age and survivors insurance outnumbered recipients of old-age assistance in 10 States—Connecticut, Delaware, the District of Columbia, Hawaii, Maryland, New Hampshire, New Jersey, New York, Pennsylvania, and Rhode Island. On the other hand, in 29 States, most of which are predominantly agricultural, the number of aged beneficiaries of old-age and survivors insurance was less than half the number of recipients of old-age assistance.

Part of the rise in the number of aged recipients in the past year was due to more frequent supplementation of social insurance benefits. An assistance payment may be increased to meet higher living costs, but an insurance benefit once determined usually remains at the same amount for the period of benefit eligibility. As a result of the upward revision in assistance standards that took place in most States when



more Federal funds became available, some additional persons receiving inadequate insurance benefits became eligible also for assistance.

In June 1947 the average monthly payment of old-age assistance was \$36.04 in the country as a whole. In California, Colorado, Massachusetts, and Washington it exceeded \$50. In 9 Southern States, however—Alabama, Arkansas, Georgia, Kentucky, Mississippi, North Carolina, Tennessee, Virginia, and West Virginia—the average remained under \$20.

In many of the Southern States, recipients of old-age assistance have benefited from the amendments somewhat more than is apparent. As a result of the change in practice already described, from a single payment to separate payments to a husband and a wife when both are eligible for assistance, the average payments are somewhat lower than they would have been had the practice of making joint payments continued. With the discontinuance of such payments, however, average payments per recipient are on a more nearly comparable basis, State by State.

From September 1946 to June 1947, average payments rose in every State except Alabama, Alaska, Washington, and West Virginia. In 17 States the increase was \$5 or more. In Colorado the average payment increased nearly \$24, but only a small portion of this rise may be attributed to the availability of additional Federal funds. Under the Colorado law, State funds for financing old-age assistance are derived from earmarked taxes which must be expended in the year in which they are raised. Formerly, unexpended funds at the end of the year were distributed among recipients in the form of a bonus. Now the State is administering its funds in such a way as to avoid the accumulation of large surpluses at the end of the year.

In April 1947, some payments in 31 States exceeded \$45, the maximum amount subject to Federal participation. Of all individual payments in the Nation, 8 percent were at the Federal maximum and 22 percent were for larger amounts.

*Aid to dependent children.*—More than a million children in nearly 400,000 families were receiving aid to dependent children in the United States in June 1947. The children on the rolls comprised 23 per 1,000 of the total population under 18 years of age. In Oklahoma the rate was nearly four times, and in Missouri and New Mexico approximately twice, the national rate. On the other hand, in Delaware and New Jersey, both highly industrial States, the rates were less than half that for the United States.

In June 1947 the number of children receiving benefits under old-age and survivors insurance exceeded the number receiving aid to dependent children under State-Federal programs in California, Delaware, New Jersey, and Ohio. In contrast, in 24 States the number of child beneficiaries was less than half the number of recipients of aid

to dependent children. These data understate the extent to which the insurance program is replacing the assistance program as a major resource for survivor children since fewer than half the children receiving aid to dependent children are orphans. Variations from State to State in the concentration of industrial and commercial workers and hence in the number of children protected under the insurance program account in part for State differences in the proportion of the child population receiving aid to dependent children.

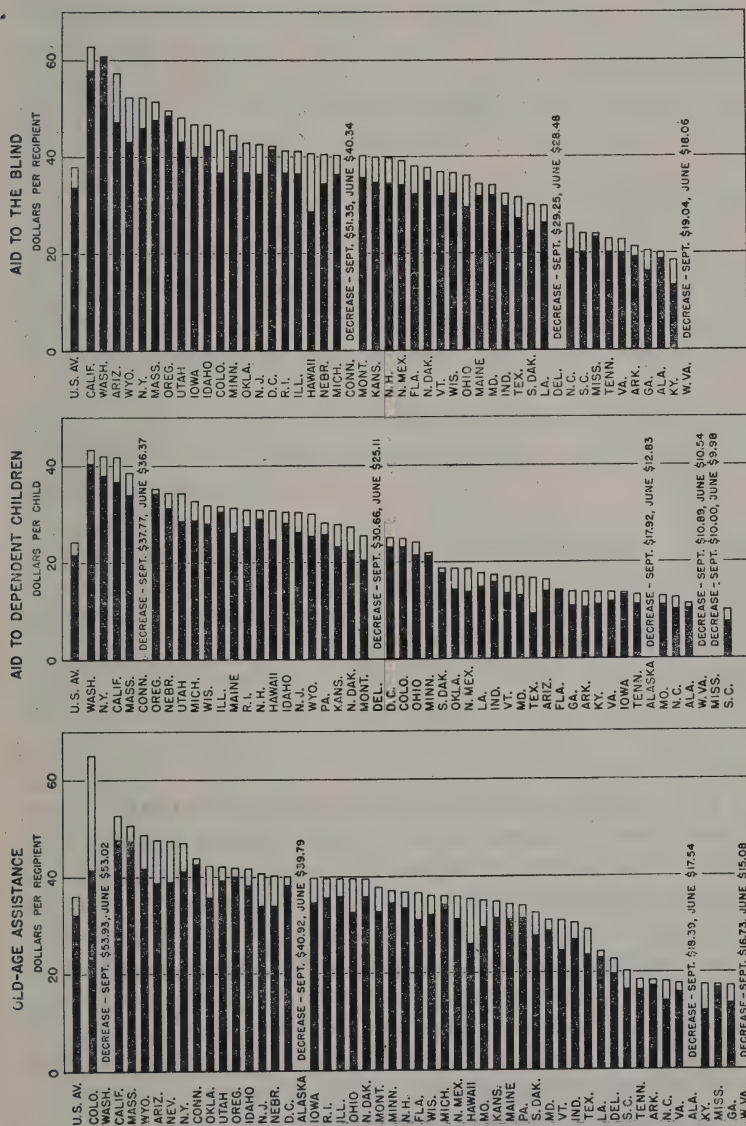


CHART 11.—Average payments under old-age assistance, aid to dependent children, and aid to the blind, September 1946 and June 1947, by State

On the other hand, it should be pointed out that the insurance benefits, in the absence of other income, are insufficient to meet minimum needs of child beneficiaries. The increased cost of living since the war's end has made it necessary for a growing number of beneficiary families to apply for supplementary assistance under the aid to dependent children program.

Assistance for dependent children in the country as a whole averaged \$61.68 per family in June 1947. In 2 States with high per capita incomes—California and Washington—the average monthly payment per family was \$100 or more. In 5 additional States, payments averaged from \$90 to \$99 per family. In sharp contrast, Mississippi, South Carolina, and West Virginia made payments averaging less than \$30 per family, and 11 States had average payments of \$30 to \$39.

Since the number of children aided per family varies from State to State, average payments per family are not strictly comparable. In June 1947 the number of children assisted per family was 2.6 in the Nation and ranged from 3.0 in the District of Columbia and Hawaii to 2.3 in New York. The average amount of assistance per child reflects more satisfactorily the differences among States in levels of payments.

In June 1947 the average monthly amount of assistance per child was \$24.21 in the Nation. State averages ranged from about \$43 to a little less than \$10. In 18 States the average payment was \$30 or more; in 14 States it was under \$15.

In all but 5 States—Alaska, Connecticut, Delaware, Mississippi, and West Virginia—the average payment per child was higher in June than in the preceding September. The rise was \$3–4 in 6 States, \$4–5 in 9 States, and \$5 or more in 5 States. The largest increase—more than \$7 per child—occurred in Texas. On the other hand, Delaware's dependent children were getting, on the average, almost \$6 less in June than before the additional Federal funds became available, despite the acute rise in living costs in the intervening months.

Because the maximums limiting Federal participation are so low, 35 States made some payments in April 1947 in larger amounts. Of all payments in the country as a whole, 15 percent were at the Federal maximums and 49 percent were higher. These proportions are far higher than those in old-age assistance and aid to the blind. Payments at the amount of the maximums may be interpreted as representing for the most part assistance frozen at less than the amount of need as determined by the assistance agency.

*Aid to the blind.*—In the 47 States operating programs for the needy blind under the Social Security Act, 62,100 persons were receiving aid to the blind in June 1947. In Missouri, Nevada, and Pennsylvania an additional 17,000 persons were getting blind pensions from



State funds only. In States receiving Federal grants for aid to the blind, 30 persons out of every 100 of the estimated blind population were receiving aid to the blind. The rates were less than 10 per 100 in Connecticut, and more than 50 per 100 in Arizona, California, Florida, and Oklahoma. In part, differences among the States in the number of recipients of aid to the blind in relation to the estimated number of blind persons stem from differences in State practices in assisting aged blind persons. In some States, old-age assistance is furnished blind persons 65 years of age and over in preference to aid to the blind.

The average payment of aid to the blind in States operating programs under the act was \$37.87 in June 1947. Monthly payments averaged \$45 or more in 11 States. In California and Washington, average payments topped \$60. On the other hand, needy blind persons averaged \$20 or less a month in Alabama, Kentucky, and West Virginia.

The average payment rose \$5 or more from September to June in 17 States. In Connecticut, Delaware, and West Virginia the average dropped in this period, even though the proportion of expenditures from Federal funds increased.

In 26 States, some payments in April 1947 exceeded \$45, the maximum amount in which the Federal Government will share. Of all payments in States getting Federal funds, 9 percent were at \$45 and 22 percent above \$45.

*General assistance.*—In June 1947 the number of general assistance cases totaled 335,000, an increase of 20 percent from the preceding June and the highest number since June 1943. The number of persons represented in these cases was approximately 700,000, or 547 per 100,000 total population in the country. In 44 States supplying information on the number of persons as well as families aided, the number of persons receiving general assistance ranged from 923 to only 35 per 100,000. Ten States had rates less than one-half the national rate.

Monthly payments to cases in June averaged \$39.18 for all States. New York led the Nation with an average payment of \$65.55. In 11 additional States, payments averaged \$40 or more. Yet Mississippi's average payment was only \$10, and 7 other States had averages below \$20.

Even though no Federal funds are available for general assistance, an increase in payments to recipients occurred in general assistance as well as in the categorical assistance programs. From September to June the average amount of assistance per case in the country as a whole increased \$4.50. Increases occurred in all but 5 States. In 5 States the increases amounted to \$5–9 per case, and in 1 State—New York—the increase was more than \$10.

*Civilian war assistance.*—In 1946–47, under the program of civilian war assistance, financial aid and other welfare services—financed from Federal funds—were supplied by State public assistance agencies, acting as agents of the Federal Security Agency, to repatriates returning to the United States from European and Asiatic countries and to a few evacuees returning to the Philippines.

Major activity this year centered at port cities on the Atlantic coast, as more and more persons were returned from Europe by the Department of State. Repatriates were met at the pier and supplied with such immediate help as they needed to reach final destinations.

Since many of the repatriates had for several years lacked proper food, shelter, clothing, and medical and dental care, and had been stripped by the war of family, home, and possessions, some of them required additional help. In June 1947, financial assistance amounting to \$109,800 was given to 904 cases. In addition, service other than material aid was given to repatriates in 531 other cases to help them in their adjustment to life in this country.

### *Financing Public Assistance*

Expenditures in the United States for old-age assistance, aid to dependent children, aid to the blind, and general assistance, including both assistance payments and administration, exceeded \$1.4 billion in 1946–47. Of this amount, \$1.3 billion was for the three special types of assistance under the Social Security Act, and \$168 million was for general assistance.

In the 1947 fiscal year the Federal share of expenditures for assistance payments in all States receiving Federal grants was 52 percent in old-age assistance, 50 percent in aid to the blind, and only 38 percent in aid to dependent children. In the 1946 fiscal year the Federal Government bore a smaller share of the cost in all three programs—47 percent in old-age assistance, 45 percent in aid to the blind, and 32 percent in aid to dependent children. The 1946 amendments to the Social Security Act governing the extent of Federal participation in assistance costs were in effect during 3 of the 4 quarters of the 1947 fiscal year and account for the larger Federal share in this year.

Under current provisions for Federal participation in assistance costs, the maximum Federal share in all programs is two-thirds. This is possible, however, only if payments are extremely low. The proportionate Federal share drops as payments increase. In 1946–47 the Federal share was 60 percent or more of expenditures for old-age assistance in 9 States, of aid to the blind in 2 States, and aid to dependent children in 3 States. On the other hand, the Federal contribution was less than 45 percent of expenditures for old-age assistance and aid to the blind in 2 and 7 States, respectively. In aid to dependent

children the Federal share was less than 45 percent in 27 States and under 30 percent in 7 States.

In all three assistance programs the Federal share of expenditures for the proper and efficient administration of State plans is now one-half. Before the 1946 amendments it was one-half in aid to dependent children and aid to the blind. In old-age assistance, however, the Federal Government contributed an amount equal to 5 percent of the Federal grant for assistance which could be used for administration or assistance or both. The 5-percent addendum sometimes represented less than half of the State's administrative costs and sometimes more than half. In the fiscal year 1947 the Federal share of administrative costs for old-age assistance was higher than in the previous year in 42 States. In 9 States in which the 5-percent addendum had earlier amounted to more than one-half of administrative costs, the Federal share declined. The uniform basis for determining the Federal share of expenditures for administration has made possible administrative simplifications in State procedures for claiming Federal funds.

The Social Security Administration certified grants of \$614 million during the fiscal year for approved State public assistance plans. Of this amount, 80 percent was for old-age assistance, 18 percent for aid to dependent children, and 2 percent for aid to the blind. The grants included the Federal share of assistance payments and of administration.

Civilian war assistance payments amounting to \$1,280,000 were made by the State agencies during the fiscal year from funds advanced or reimbursed by the Social Security Administration.

### *Other Administrative Developments*

*Consultation and technical services to States.*—In addition to assisting the State agencies in their implementation of the 1946 amendments to the Social Security Act and providing continuing service to the agencies on administrative matters, the regional and departmental staffs of the Bureau of Public Assistance, on request, supplied specialized consultation on many aspects of administration. During the year the Bureau issued additional technical materials which could be adapted to particular State situations and problems. Some illustrations of the types of consultation and technical services supplied follow.

Many States sought advice on proposals for amendments to State legislation. To serve as a guide, the Bureau issued a statement on Public Assistance Goals—1947, presenting recommendations for improving State public assistance legislation. The Bureau reviewed a large number of pending bills from the point of view of the effectiveness of their provisions as well as their conformity to the Social Security Act. Consultation also was given on plans to carry out amendments to State laws.



To assist the State agencies in improving the competence of staff, consultation was given on the objectives, content, and methods of staff development, and materials on staff development were issued, including a series dealing with State training activities. State public assistance agencies are progressively developing training programs to promote more efficient administration and to improve the quality of service to needy people.

Advice was given to State agencies on ways of improving procedures for informing applicants and recipients of their right to a hearing and for conducting hearings in such a manner as to protect fully the right to assistance. The Bureau inaugurated a quarterly series of annotated, selected decisions of State public assistance agencies to illustrate the use of hearings as an administrative method for enabling the client to exercise his right to assistance when other methods appear to have failed, for affording him protection against mistaken action in the local agency, or for helping him understand why the action was equitable.

Consultation was provided on various methods of making medical care available to recipients of assistance, either through the provision by the agency of medical services or supplies, or through the money payment.

State agencies sought advice on methods of administration that would fully establish and maintain the money-payment provision of the act, which is designed to make it possible for recipients to carry on activities through the normal channels of exchange and to enjoy the same rights and discharge the same responsibilities as other members of the community.

Public assistance agencies were particularly active during the year in establishing objective standards for determining who is needy and the amounts of assistance to be granted. In many States, figures for measuring the cost of what needy individuals require to obtain the essentials of living were revised to adjust to rising living costs. Consultant service was supplied many State agencies in response to their requests for help in carrying out such changes.

In the development of their programs of statistics and research, States were given consultation on the scope and content of statistical reports and special studies, procedures for obtaining accurate data, and methods of analysis and presentation of results.

*Termination of emergency services.*—Effective October 1, 1946, the Bureau of Public Assistance terminated its responsibilities in the surplus property utilization program. The services that the Bureau had been providing to nonprofit welfare institutions in the acquisition of surplus property became the responsibility of the War Assets Administration.

The Selective Service System discontinued as of November 1 its arrangement for paying State public welfare agencies for the essential costs of collecting medical and social information about Selective Service registrants. Federal funds for this purpose had been made available by the Social Security Administration to State agencies under an arrangement with the Selective Service System.

*Services for the visually handicapped.*—Because of its responsibility for administering grants for aid to needy aged and blind persons and dependent children, the Bureau of Public Assistance has great interest in services that are related to the needs of these groups. During the past year the Bureau has given special attention to services for blind persons and to measures for preventing blindness. Completion during the year of a study of the causes of blindness of some 20,600 recipients of aid to the blind has intensified the Bureau's concern with the special needs of persons who are blind or threatened with serious visual loss. To consider what services are appropriately a part of the expense of administering aid to the blind and to explore the possibility of closer cooperation of various governmental and private agencies administering services for the visually handicapped, the Bureau held a conference in May 1947 of representatives of such agencies. The conference not only focused attention on opportunities for fuller use of existing resources for helping visually handicapped persons but also led to constructive suggestions for ways of extending and improving such resources.

*International activities.*—During the past year a substantial number of persons, including officials of foreign governments, fellows under UNRRA and other auspices, and technical personnel from other countries have visited the Bureau to learn about public welfare in the United States. Increasingly the Bureau and its staff have been asked for consultation and materials relating to social problems of international importance.

During the absence from this country of the Commissioner for Social Security, the Director of the Bureau served as Chairman of the Social Welfare Subcommittee of the Interdepartmental Committee on International Social Policy of the Department of State. As the representative of the Federal Security Agency, the Director also attended the World Congress on Family and Population held in Paris in June 1947.

### *Improving Public Welfare*

The 1946 amendments have greatly helped States in assisting their needy aged and blind individuals and dependent children on a more nearly adequate basis. The Social Security Administration believes, however, that the temporary provisions for determining the Federal

share of assistance costs should not become permanent legislation. Instead, we advocate other changes that would enable States to make assistance, including both money payments and medical care, available with Federal help to any needy person and that would authorize Federal participation in State expenditures for comprehensive welfare services for families, adults, and children without regard to economic status. We are also convinced, moreover, that the Federal contribution in States with relatively small economic resources should represent an even larger share of the cost than at present, to assist these States to provide more satisfactorily for their needy persons.

The fact that Federal expenditures other than those for work programs have been limited during the past 12 years to funds for cash assistance and its administration for three categories of needy persons, and to child welfare services, has caused a lag in many States in the development of other public welfare functions. States tend to spend State dollars in such a way as to attract Federal dollars. General assistance, medical services to needy persons, and welfare services for families and adults have in many places been neglected while the special types of public assistance and child welfare services were being strengthened. Federal participation in all types of assistance and in general welfare services on a uniform basis would result in better-balanced and more comprehensive public welfare systems than now prevail. In the attempt to get maximum Federal funds, many States make numerous compromises with what they deem to be the best plan for a balanced and comprehensive State system of welfare programs. Now that the special types of public assistance and child welfare services are so firmly established, efforts should be made to extend Federal aid to programs for other groups acutely needing assistance or service.

The orderly and sound development of public welfare programs will undoubtedly be hampered in some States by the temporary nature of the provisions of the 1946 amendments. Some State legislatures may hesitate to make substantial changes in their State laws because they are uncertain about the Federal financial contribution after the amendments have expired and prefer to wait for more permanent Federal commitment. When sufficient time has elapsed so that the temporary provisions can be effectively appraised, the Social Security Administration believes that permanent provisions for determining the scope of Federal financial help should be enacted. Both in 1946 and 1947 the Senate Finance Committee was authorized by resolution to make a full and complete study of social security, although such a study had not been undertaken by the end of the 1947 fiscal year. Exploration under Senate auspices of the problems of public assistance would supply a basis for the enactment of permanent legislation.



*Financing Public Welfare*

As a basis for sound financing of more nearly comprehensive and satisfactory public welfare programs, the Social Security Administration recommends special Federal aid to low-income States for assistance, administration, and services. We also recommend elimination of or increases in the maximums that limit the amounts of individual monthly payments in which the Federal Government will share. In addition, we believe that States should distribute Federal and State funds to localities in accordance with their need for funds. These three provisions, which are closely interrelated, are necessary to assure reasonably adequate provision for individuals needing financial assistance or other help, in whatever part of the country they may live.

*Special Federal aid to low-income States.*—Under the present temporary provisions, the Federal share of assistance costs is not fixed but varies with the level of payments. If a State makes no payments in excess of the Federal matching maximums, the Federal share may vary from somewhat more than one-half to as much as two-thirds, depending on the size of the State's average payments. In general, the lower the average payment, the higher the relative Federal share. The Federal Government will put up \$2 for \$1 of State funds if the average payment is no higher than \$15 in old-age assistance or aid to the blind or \$9 per child in aid to dependent children. The smaller Federal share beyond these levels may discourage States with low economic resources from making high average payments.

The present method of determining the Federal share of assistance costs has not thus far had the effect of raising levels of payments substantially in many low-income States. In June 1947, payments averaged less than \$25 for old-age assistance in 12 States and for aid to the blind in 9 States. Payments to families receiving aid to dependent children averaged less than \$40 in 14 States. The additional Federal funds in some places have gone primarily into expanding the case loads. On the other hand, in some of the highest-income States, average payments, which at the time of the amendments were already relatively high, have increased by substantial amounts.

The Social Security Administration continues to believe that Federal funds should be granted on a basis that considers the relative financial resources of the States. Though many methods have been proposed for achieving this objective, the Administration favors a formula that will pay one-half the costs in States with per capita income equal to or above the national per capita income, varying the Federal share for States with per capita income below that amount from somewhat more than one-half to a maximum of perhaps three-fourths in the lowest-income States.

A formula such as that proposed probably would not result in a reduction in the amount of Federal funds that States with comparatively large resources would receive if other proposals for amendment of the act were also enacted—namely, increase in or elimination of the Federal matching maximums on individual payments, extension of coverage to any needy person, and authorization of Federal participation in the cost of medical services and of welfare services for families and adults as well as for children.

Only by some such device as special Federal aid to low-income States sufficient in amount to compensate for their economic disadvantage will it be possible to narrow significantly the great disparities among States in levels of assistance. In June 1947 the highest State average payment was three and one-half times the lowest in old-age assistance and aid to the blind and four times the lowest in aid to dependent children. The amendments have failed to bring about a satisfactory degree of equalization among States in their ability to finance assistance. Furthermore, the present temporary method of determining the Federal share of assistance costs cannot be satisfactorily adapted to either administrative expense or welfare services.

*Federal matching maximums for individual payments.*—In raising temporarily the maximums limiting the amounts of individual monthly payments subject to Federal sharing, Congress sought to enable States to revise payments upward. Throughout the war years, though living costs mounted the Federal maximums remained fixed. In many States the increased Federal participation merely compensated for increases in payments that had already been forced by previous price rises. Since the new maximums became effective, prices have also risen sharply. Thus the new maximums already have almost as restrictive an influence on assistance payments as those formerly in effect. In April 1947 the proportion of payments at or above the matching maximums was 29 percent in old-age assistance, 31 percent in aid to the blind, and 64 percent in aid to dependent children, as against 33, 37, and 71 percent in September 1946, the last month before the present maximums became effective.

In aid to dependent children, the new maximums of \$24 for one dependent child and \$15 for each additional child in a family are particularly inadequate and contrast markedly with the \$45 maximum in old-age assistance and aid to the blind. Though the Federal Government will contribute as much as \$25 to a monthly payment for an aged or blind individual, and \$50 for two such persons in a family, it will contribute at most only \$13.50 to a monthly payment for one dependent child and only \$22.50 for two such children living with a parent or other relative. Because of the utter inadequacy of the Fed-

eral matching maximums in aid to dependent children, in April 1947 all but 15 States were making some payments for more than these amounts; 10 had higher maximums or permitted higher payments to be made occasionally to exceptionally needy families. No maximums were set in 25 States.

In 4 States that limit payments to the amounts of the matching maximums and meet need as determined by the State in full up to these maximums, 98, 95, 77, and 71 percent, respectively, of all payments in April 1947 were at the maximums. The average payment per family in these States was \$46, in contrast to an average payment of \$84 in the 25 States that meet need in full and do not limit payments to prescribed maximums.

To enable them to make payments equal to the amounts found to be needed, 13 States have no maximums on payments of old-age assistance and 13 States, on payments of aid to the blind. In addition, several States with maximums waive them for persons requiring medical care.

The Social Security Administration strongly urges the removal of maximums for aid to dependent children. If Congress should wish to retain maximums for this type of aid, however, we believe that the maximums should be so established as to enable States to provide adequately not only for the children but also for the parents or other relative caring for the children, and for the expenses of maintaining the home. In old-age assistance and aid to the blind, the maximums should be eliminated or raised so that the payments to aged and to blind persons may be reasonably related to the cost of what the State has determined as the essentials of living.

*State distribution of Federal and State funds.*—As has already been pointed out, the Administration believes that it is the intent of the Social Security Act that needy persons within a State shall receive equitable treatment. This is implicit in the requirements in the Social Security Act that a State plan be developed and that the State plan provide for State financial participation in the program, operation of the program under the plan in all localities of the State, opportunity for a fair hearing before the State for any individual whose claim for assistance is denied, and administration that is proper and efficient.

The goal of equitable treatment can be achieved only if in all localities there is freedom to apply for assistance, prompt disposition of applications, and determination of eligibility and of the amount of assistance needed on the basis of objective, State-wide standards, uniformly interpreted. In the last analysis, however, the ability of a locality to give applicants and recipients the same treatment they



would receive in similar circumstances anywhere else in the State depends upon the availability in all localities of sufficient funds to implement the State-wide standards.

Although problems in the distribution of funds occur in State-financed programs, the equitable apportionment of Federal and State funds presents particularly difficult problems in States in which the localities help to finance public assistance. In States with local financing, the localities commonly bear a fixed, uniform percentage of the non-Federal share of their assistance costs, even though they vary greatly in their fiscal ability. Often the amount the State and Federal Government can contribute in a locality depends upon the ability and willingness of the locality to raise funds. To assure equitable treatment of needy persons wherever they may live in the State, the Social Security Administration believes that, as a condition of approval, a State plan should provide for the apportionment of Federal and State funds in relation to the need of the localities for funds, rather than on the basis of what they contribute.

#### *Assistance for Any Needy Person*

To enable the States to provide for all their needy persons and not merely those with certain handicaps, extension and improvement of the provisions of the Social Security Act relating to eligibility are essential. Among necessary changes are authorization of Federal participation in general assistance and elimination of provisions in Federal and State legislation that bar some needy aged or blind persons or dependent children from getting help.

*Federal funds for general assistance.*—A serious gap in the public assistance program results from the limitation of Federal participation to assistance for needy aged and blind persons and dependent children only. States and localities have attempted, with varying degrees of success, to provide aid to needy persons who do not fall within these groups. Although some States with relatively large financial resources are able to finance adequate programs of general assistance, many States and a great many localities have such meager funds for general assistance that needy persons applying for aid can get only the barest necessities, and sometimes not even that much.

Since employment has continued to be at high levels, the great majority of persons on the general assistance rolls are people with handicaps not unlike those arising from old age, blindness, or lack of parental support or care. Among the causes of their want are physical and mental handicaps, temporary and chronic illness, and unsuitability for work because of age or home responsibilities. This year, however, an increasing number of persons receiving general assistance have been temporarily unemployed. Many other persons of marginal

employability, who managed to do some work during the war years, can no longer be considered a part of the labor force now that servicemen and war workers have returned to peacetime pursuits. If the Nation experiences even a mild slump, meeting the demands for general assistance will place a heavy burden on the States and localities. Unemployment insurance does not protect workers in noncovered occupations and is of limited duration for those who have benefit rights. Furthermore, except for railroad workers, insured persons who are temporarily disabled and unable to work are eligible for sickness benefits in only two States, and in only a few States can they continue to draw unemployment benefits, in special circumstances.

The Social Security Administration strongly urges that Federal grants be authorized for general assistance as well as for the three special types of public assistance. Only if this gap is bridged will the Nation have a strong and flexible public assistance system able to meet changing demands. To the extent that high levels of employment, social insurance, GI benefits, and other measures prevent need, the task of public assistance will be lightened. It is in the public interest, however, that the necessities of life be available to all persons who cannot be self-supporting and for whom other provision is lacking. Without Federal funds for general assistance, many people will inevitably live below a level that anyone could consider acceptable. Even in the prosperous war years, sheer want existed in all sections of the country among some persons who were not protected by social legislation.

*Definition of a dependent child.*—Children are a Nation's greatest resource. Yet in this country many children suffering serious deprivations have no means of obtaining the essentials for healthful growth and development. The Social Security Act limits the program of aid to dependent children to children who lack parental support or care for certain specified reasons. If a child is to be eligible for help with Federal funds, one of his parents must be dead, continuously away from home, or incapacitated. Furthermore, the child must be living with either a parent or some other specified relative. If 16 or 17 years of age, the child must be regularly attending school.

The Social Security Administration believes that assistance with Federal help should be available to a parent, relative, or other person who assumes responsibility for the care and support of a needy child and who maintains a home for such child, and that the payment should be made regardless of the cause of the child's need. Some needy children could receive care and support in a family home but have no relative, as specified in the act, who could assume such responsibility. Some children who are aged 16 or 17 are too ill or handi-

capped to go to school or are living in places where suitable schools are lacking. Moreover, many children are in want for reasons other than those in the act, such as the unemployment, low earnings, or temporary disability of a parent.

If Congress should authorize grants-in-aid for general assistance, broadening of the definition of a dependent child would be far less important, but it would still be desirable since it would greatly simplify the determination of eligibility.

*Residence requirements.*—The Social Security Act now provides that a State plan for old-age assistance or aid to the blind may not require residence in a State for more than 5 of the 9 years immediately preceding application and 1 year continuously before filing the application. For aid to dependent children, the maximum requirement is 1 year of residence for the child immediately preceding application or, if the child is less than a year old, birth in the State and continuous residence by the mother in the State for 1 year preceding the birth. Many States have adopted substantially these provisions as their minimum requirements. In general assistance, States often require not only a specified period of residence in the State but also local settlement.

Several States have eliminated residence requirements from their laws and are getting Federal participation in assistance to needy persons who have lived a relatively short time in the State. Many additional States have reduced their requirements of residence below the maximum permitted under the Federal act.

In our free-enterprise society, mobility of population is essential. During the war years, in fact, it was promoted as a matter of national policy to effect a satisfactory distribution of the labor supply. Individuals must be free to move about to take advantage of opportunities for self-support and better living conditions. Inevitably some persons who move will become needy. They should not lose their right to help if after crossing State lines they find themselves in want. Believing that residence requirements as a condition of eligibility work great hardships on needy persons who cannot meet them and that they are an anachronism in our modern society, the Administration advocates the abolition of residence requirements under State plans approved under the Social Security Act.

*Citizenship requirements.*—The Social Security Act permits a State to require citizenship as a condition of eligibility for public assistance, although the State may, if it wishes, use Federal funds to help pay the cost of assistance to noncitizens. Only one State now requires citizenship as a condition of eligibility for aid to dependent children, but it is required for recipients of old-age assistance in 24 States and of aid to the blind in 6 States. It is the opinion of the Social Security Ad-



ministration that assistance should be available to noncitizens who are needy and otherwise eligible for help, and that the Social Security Act should prohibit a State from including citizenship as a condition of eligibility for assistance in its State plan. The States as well as the noncitizens would benefit from this change, since those who are needy must be cared for through general assistance, which is financed wholly by the States and localities. Often such aid is meager in comparison with categorical assistance.

*Property restrictions.*—Although the assistance payment is given to the recipient with no restrictions on the way he uses the money, many States as a condition of eligibility for assistance now require a recipient to transfer title or control of property he owns to the State or locality. It is anomalous to treat the assistance payment in one way and the recipient's other property in a different way. The assistance agency could claim recovery from the estate of a deceased recipient for assistance granted without requiring him to surrender title or control of property during his lifetime. The Social Security Administration believes that claims for recovery should not be enforced during the lifetime of a recipient or surviving spouse or during the minority of surviving children. We also believe that, as a condition of plan approval, States should be prohibited from requiring an individual to transfer title or control of his property before he can receive aid.

### *Scope of Assistance and Service*

Twelve years of experience in the administration of grants for public assistance have demonstrated the importance of broadening the scope of Federal participation in public welfare programs to include medical care as well as cash assistance and to provide family and adult welfare services in addition to expanded child welfare services.

*Medical care.*—A study of the medical aspects of public assistance now being made by 21 States cooperating with the Bureau of Public Assistance supplies abundant evidence of the difficulties encountered by public assistance agencies in attempting to meet the medical needs of recipients under present legislation. Federal help in providing medical care is possible only when an amount for such care is included in the money payment to the recipient. Within the maximums limiting Federal participation in individual monthly payments, it is often impossible to include amounts large enough to enable recipients to pay medical bills. Moreover, agencies often find it desirable, particularly when sizable expenditures are involved, to pay the doctor, dentist, nurse, druggist, hospital, or clinic directly for the services supplied.

In the States with relatively large resources, substantial effort is generally being made to furnish essential medical services to needy

persons. Such services are financed primarily from State and local funds, except when it is possible to include the amounts in the money payment so that Federal funds may meet a share of the cost. In States with relatively small resources, attempts to provide for the medical needs of recipients are often sporadic. Such States cannot always provide adequately for even such basic essentials as food and shelter.

To enable States to make medical care available to needy persons by whichever method seems the more suitable, the Social Security Administration believes that, in addition to removing maximum limits on Federal participation in the money payment so that an amount large enough to purchase needed medical care may be included, Federal participation should be extended to payments made directly to individuals and agencies furnishing medical services and supplies to assistance recipients.

Some of the most difficult problems with which public assistance agencies must cope arise in connection with the provision of medical care to needy persons in medical institutions. At present the Federal Government participates in money payments to such persons only if they reside in private institutions, and cannot share in payments to persons in public institutions unless they need only temporary medical care or other special services, such as vocational education.

In order that needy persons requiring long-time care may be cared for more satisfactorily, we recommend that the Federal Government share not only in money payments to needy persons in private institutions but also in payments to or for such persons who elect to live in public medical institutions other than those for mental disease and tuberculosis.

Federal assumption of a share of the cost of care of persons in public or private medical institutions should properly be subject to a requirement that an appropriate State authority be responsible for the licensing and inspection of medical institutions to assure their operation in accordance with standards established by the State. Such a requirement would be desirable also for States making money payments to persons living in private domiciliary institutions.

Elsewhere in this report the Administration recommends establishment of medical care insurance to meet costs of medical care of workers and members of their families. The sharing of risks and the prepayment of costs on a fixed basis would enable people who are ordinarily self-supporting to meet their bills for medical care. If a system of medical care insurance is established, it should be possible for assistance agencies to pay contributions to the insurance fund for needy persons so that they, too, could get medical services of high

quality in the same manner as other persons in the community. Medical care insurance would, of course, greatly reduce the need for medical assistance and doubtless also for maintenance.

*Determination of need.*—The Social Security Administration believes that States should define the content and level of living to be afforded needy persons in given circumstances and should develop effective standards for determining their cost. Similarly, States should develop as definite standards as possible to measure the income and resources that are actually available to individuals to meet a part of their need. Dissatisfaction with the determination of need is the principal reason for the appeals for fair hearings filed by applicants and recipients throughout the country.

Fair and equitable determination of the eligibility of an individual for assistance and measurement of the amount of assistance that he needs are possible only when there are clear and objective standards, State-wide in application, for determining what he requires and how much his resources and other income should be supplemented so that he may meet his requirements.

In its continuing review of State administrative practices, the regional staff of the Bureau found that in September 1946 only 12 of 58 State public assistance agencies gave adequate instructions to the localities for the uniform inclusion of all items, such as food, clothing, and shelter, in determining the need of all individuals. In only 9 of these agencies were the instructions uniformly followed by local staff. In 19 State agencies the items to be considered in determining the extent of need were left to the local agencies; the State agencies provided no more than suggestions or recommendations as to what items should be included.

Similarly the administrative review revealed that in the majority of States there was by no means uniform consideration of the income and resources available to individuals to meet a part of their need. Seventeen State agencies, for example, did not define inconsequential income or resources, for which values cannot be presumed on any sound basis, and 24 failed to provide standards for appraising the value of all types of income in kind.

In 14 State agencies with funds insufficient to meet need in full up to the maximums, there was no uniformity in the method of reducing the amount of the payment in relation to the need as established.

Since September 1946, considerable progress has been made toward the development of State-wide standards for measuring the requirements of individuals and considering their income and resources.

*Welfare services.*—Increasingly the public welfare agency is becoming the place to which people turn when they need financial or other



help. Since 1936, when Federal grants were first made to States under the Social Security Act, public welfare agencies have greatly improved the quality of their service to people applying for and receiving financial assistance; substantial progress has been made also in supplying services to children who are homeless, dependent, or neglected, or in danger of becoming delinquent.

Through the administrative grant for the special types of public assistance, the Federal Government participates in expenditures for services directly related to the need of persons applying for or receiving financial aid; some additional funds are available through Federal grants for child welfare services. Federal participation is lacking, however, in services for recipients of the special types of assistance who need help that financial assistance itself cannot supply, for persons who are needy but cannot qualify for a special type of aid, and for families and adults who are self-supporting but need help in handling problems. Child welfare services, moreover, are not yet generally available in all localities of States.

The Social Security Administration recommends the extension of Federal financial participation to include all welfare services administered by the staff of the public welfare agency to help people—whether needy or not—to become self-supporting, to make fuller use of community resources, or to solve individual problems in family or community adjustments. Expansion of child welfare services and the development of family and adult welfare services are needed to enable people to meet the demands of our highly complex and dynamic society. Ultimately, comprehensive welfare services should be available in all communities. Realization of this objective, however, is dependent not only on the availability of Federal financial help but also on the training of additional personnel properly equipped to help people deal with problems as they arise. Many States have made notable progress in developing agency programs for the improvement of staff competence in the performance of their work. Demonstration projects in selected areas should be established as an additional means of developing sound methods of providing various types of services.

### *Administrative Organization*

Enactment of the proposals which have been advanced here, and which are widely supported by State and local public welfare officials, would furnish a firm basis for the development throughout the Nation of comprehensive and flexible programs of assistance and welfare services. If Federal grants are further extended, the Social Security Administration believes that it would be desirable to require that one State agency administer or supervise the administration of all the welfare programs to which the Federal Government contributes funds

under the Social Security Act. In the localities, also, all welfare plans should preferably be administered by one local agency or one branch office of the State agency. This would assure coordination of the various services and promote equitable consideration of the needs of all persons in the State who are seeking help.

The Social Security Administration believes that, within the framework of administration through a single State and a single local public welfare agency, the States should be free to organize their programs of assistance and welfare services in any constructive manner. Some States, if they were given the choice, would prefer to administer one comprehensive assistance program, with need the only condition of eligibility. Other States might prefer to continue the present categories and possibly add others. If adequate financial support for assistance were assured, so that the special needs of recipients could be met and welfare services more generally provided to help persons in the solution of their special problems, administration of money payments through a series of categorical programs might seem less important.

#### *Extension of Federal Aid to the Virgin Islands and Puerto Rico*

Although the provisions of title V of the Social Security Act for grants to States for maternal and child welfare have been extended to the Virgin Islands and Puerto Rico, and although both now receive grants for public health services, they are not able to get Federal grants to help them finance public assistance. Both the Virgin Islands and Puerto Rico have enacted legislation and established plans of operation that would enable them to qualify promptly for Federal grants if the public assistance provisions of the act were amended to include them. Because poverty is acute and economic resources are small in the islands, they are in particular need of help. In the opinion of the Social Security Administration they should be able to share in all provisions of the Social Security Act relating to health and welfare.

### **CHILDREN'S BUREAU**

SIGNIFICANT GAINS WERE MADE on a number of fronts in behalf of the Nation's 43 million children in the fiscal year 1946-47.

Federal grants to the States for maternal and child health and welfare services were almost doubled by action of Congress in August 1946, from \$11.2 million to \$22 million. State and local health and welfare agencies took immediate advantage of this enlarged support in expanding their programs to the limit of available personnel. A number of States initiated new types of health and medical care serv-

ices for mothers and children, and more mothers and children were reached through existing health services. The number of children receiving child welfare services from State and local public welfare agencies also increased during the year.

More graduate training than in any previous year was provided for personnel in public child health and child welfare agencies. This will have beneficial effects on the quantity and quality of services that can be given by these agencies in the future.

Major headway was made in the national survey of child health facilities and services undertaken by the American Academy of Pediatrics. Results of this survey, in which the Children's Bureau is cooperating, will be important in planning expansion and improvement of child health programs.

The National Commission on Children and Youth, whose members come from a wide range of civic and professional organizations and public agencies with programs for children, held its first meeting and adopted an action program for 1947 and 1948.

National attention was focused on the problems of young people by the National Conference on Prevention and Control of Juvenile Delinquency, called by the Attorney General of the United States.

By the end of the fiscal year, 22 State commissions or councils on children and youth were at work on various aspects of child welfare and protection.

Developments of significance to children of other countries included the creation of the International Children's Emergency Fund, set up by the General Assembly of the United Nations as the channel through which contributions from governments and citizens can flow to the relief of children in war-stricken countries. Plans also went forward for the Ninth Pan American Child Congress, to be held in Caracas, Venezuela.

The International Council of Nurses held its first postwar meeting in May 1947, and the Fifth International Congress of Pediatrics was to meet in July. International gatherings such as these, that bring to the United States experienced workers in children's services from many countries, broaden the understanding and enrich the experiences of professional workers in this country.

Relations with public agencies in the children's field in Canada and the Latin-American Republics were strengthened by the exchange of professional personnel.

The pages that follow are a record of the service of the Children's Bureau during the fiscal year 1947 in investigating and reporting on the health and welfare of children, in administering maternal and child welfare grants to the States, and in serving professional workers



and public agencies in child health and welfare in the American Republics.

After 33 years as a branch of the U. S. Department of Labor, the Children's Bureau became, on July 16, 1946, a unit of the Federal Security Agency. This transfer was effected by the President's Reorganization Plan No. 2 of 1946. By direction of the Administrator of the Federal Security Agency, the Bureau has been placed within the Social Security Administration.

Since the Children's Bureau, under the act creating it, is concerned with all aspects of child welfare and child life, the Bureau has always cultivated close contact with other branches of the Federal Government that are concerned with the health and welfare needs of the people. The reorganization and the closer physical contact that the Bureau has had during the year with the other units of the Federal Security Agency have multiplied the opportunities for exchange of ideas and experiences and for participation in joint planning.

The reorganization plan that transferred the Children's Bureau to the Federal Security Agency left in the Department of Labor the Bureau's Industrial Division and its functions relating to enforcement of the child-labor provisions of the Fair Labor Standards Act of 1938. In July 1946, the Industrial Division became the Child Labor and Youth Employment Branch of the Division of Labor Standards in that Department. At the end of the fiscal year 1947, reduced appropriations and reorganization within the Department of Labor resulted in sharp curtailment of the work carried on by this Branch. The Children's Bureau cannot fail to be concerned over the recession of services in the field of youth employment and the serious implications this has for the health and welfare of children and young people throughout the country.

### *Grant-in-Aid Programs, 1946-47*

The three grant-in-aid programs for maternal and child welfare under the Social Security Act are substantial expressions of the principle that only through shared responsibility by Federal, State, and local governments can the Nation's children be assured of their right to a good start and a fair chance in life.

Title V of the Social Security Act authorizes Congress to make annual grants to the States to improve and extend their health and welfare services for mothers and children. Under the amendments of 1946 these grants are \$11 million for maternal and child health services, \$7.5 million for services for crippled children, and \$3.5 million for child welfare services. These appropriations were made for the

fiscal year 1947. All 48 States, the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands are entitled to and receive grants for all three programs. The Virgin Islands were brought under coverage of the act, as of January 1, 1947. The 1946 amendments marked the second time that grants to the States under the Social Security Act had been increased. In 1935, when the act was originally passed, they totaled \$8,150,000. That sum was stepped up to \$11.2 million in 1939 and \$22 million in 1946.

Unlike the insurance and public assistance programs under the Social Security Act, which are designed to strengthen a family's economic security by furnishing a basic minimum income when earnings are interrupted, the grant-in-aid programs administered by the Children's Bureau are intended to promote and improve the family's general welfare through providing public health and welfare services. None of the Federal money under these programs is paid directly to any parent or child. It goes to State agencies to strengthen, extend, and improve the work of these agencies and their counterparts in communities. Much of it is used to employ professionally trained people who work on behalf of children and parents.

To share in the Federal funds, each State must pay for part of its services for children out of its own or local resources. No State, of course, is limited in what it does for children to the amount required for matching or supplementing Federal funds. In fact, many States spend a great deal more for children's services than the amount they receive from the Federal Government.

In its concern for all children, Congress has given the States the widest opportunity to work out their plans for safeguarding the health and welfare of their children. Emphasis is to be given to strengthening services "in rural areas and in areas suffering from severe economic distress." No residence or family-income restrictions have been placed by Congress on the children who may be benefited by the services which get direct or indirect support from the Federal grants. State health and welfare agencies or other agencies responsible under State law for services to crippled children, working with corresponding community agencies, administer all services paid for in part or in whole from these Federal funds.

The Children's Bureau administers the grants to the States under authority delegated by the Federal Security Administrator and the Commissioner for Social Security. It is responsible for approving State plans for the use of the Federal money and for seeing that the requirements of the Social Security Act are met.

To develop standards of good service, to meet requests from States for advice in the development of their programs, and to work on the

many problems involved in reaching children needing care, the headquarters staff of the Children's Bureau includes a wide range of professionally trained people—obstetricians, pediatricians, medical social workers, public health nurses, nutritionists; a psychiatrist and a psychologist; a dentist, a physical therapist, a hospital administration consultant; and social workers with special training and experience in child welfare service, public welfare administration, group work, and foster home and institutional care of children. In most of the Social Security Administration regions the Bureau has a team of regional workers responsible for giving consultant service to State agencies on their federally aided programs. These teams consist of a regional medical director, a nurse, a medical social worker, a nutritionist, an administrative methods consultant to advise on the health programs, and a child welfare worker to advise on the child welfare programs. All regions are not fully staffed with Children's Bureau representatives because of inadequate funds for this purpose. Advisory committees in various technical fields assist the Children's Bureau in developing policies relating to the administration of grants-in-aid.

### *Maternal and Child Health Services*

Maternal and child health programs in all States are administered by State departments of health, through a division or bureau of maternal and child health. In 40 States, such divisions are directly under the State health officer. Other States vary in their administrative organization.

A physician is in charge of the division or unit responsible for this program. The staff may also include obstetricians, pediatricians, psychiatrists, psychologists, dentists, nutritionists, public health nurses, medical social workers, and health educators. The function of this State division or unit is to develop and provide, with the help of local health departments, State-wide health services to children from birth through school age, and to mothers before and after childbirth. Through financing postgraduate education and through consultation, the division also helps professional workers in private practice or public service to improve the care they provide mothers and children.

Half (Fund A) of the \$11 million in Federal grants now made available to the States each year for these services must be matched by the States. Each State receives from Fund A a uniform grant of \$35,000, and the remainder is prorated among the States according to the number of live births in each State. From the remaining \$5.5 million (Fund B), a sum is set aside for special programs of national or



regional significance in the improvement of services, and to meet emergencies. The balance is apportioned among the States according to a formula that reflects the financial need of each State for help in carrying out its approved plan, taking into account the number of live births. Special weight in the formula is given to rural births. The apportionment of Federal grants for the fiscal year 1947 appears in table 11.

Services provided by local health departments are designed primarily to help well mothers and children keep well. That is, they are services for the promotion of health and the prevention of illness. Many health departments also furnish medical, dental, nursing, and hospital care to a limited number of mothers and children, in special circumstances or in particular areas.

Immediately after increased funds for the child health programs were appropriated by Congress in August 1946, the Bureau called together its advisory committees to make recommendations on how the States might best improve their services to mothers and children. The Association of State and Territorial Health Officers was another source of guidance in developing these Federal-State programs. It was agreed that increased effort should be put into (1) extending or developing new programs for children with rheumatic fever, cerebral palsy, hearing defects, and other crippling conditions; (2) demonstrating school health service projects in selected areas; (3) further development of maternity care programs, including, in at least one area where the need is greatest, a comprehensive maternity care project established in cooperation with a teaching institution; (4) increasing and improving facilities for care of prematurely born infants; (5) developing medical and dental care programs for children; and (6) promoting mental hygiene programs for children.

Notable progress was made during the year in broadening the scope or increasing the coverage of maternal and child health services. Services traditionally thought of in connection with an essentially preventive and health promotion program, such as prenatal clinics, well-child conferences, and public health nursing services, were increased.

Sixteen States now make some provision for complete maternity care for a limited number of mothers or mothers in specific areas. In 17 States, hospital care for maternity patients is provided. Home nursing services are now available in 16 States. In contrast, in 1939, demonstrations of complete maternity care were under way in limited areas in only 8 States.

Clinical consultation to practicing physicians by obstetricians is another way in which improvements are being brought about. In

1939, only 11 States employed obstetric consultants on a full or part-time basis; in the fiscal year 1947, 23 States had such consultants.

By the beginning of 1947, 39 States had organized some services for the protection of premature infants, and 14 others were planning to institute some services in the coming year. Eight States are now operating centers for the care of premature infants, and in 6 others plans are getting under way. Demonstration services that provide care for premature infants and also graduate training for physicians, nurses, and other professional groups have been set up in 4 States. Consultation to practicing physicians in the care of premature infants is made available by 5 States and home nursing services by 7.

A few States have moved ahead to set up diagnostic and treatment clinics for infants and preschool children. Medical treatment is provided by 13 States for specified groups of infants and children under school age. Thirteen States also provide for medical examination of school children, and 7 for medical treatment of children of school age. Pediatric consultation is made available by 22 States for sick infants and preschool children, and by 12 States for sick children of school age.

As evidence of the importance of nutrition in promoting maternal and child health, 49 States have approximately 150 positions for nutrition consultants. These consultants provide consultation service to professional staff of State and local health agencies, to staff of other State and local agencies and organizations, and to institutions such as maternity homes and child-caring institutions.

Dental services have grown under the maternal and child health programs. In 1946-47, 45 States reported dental units as part of their maternal and child health services. Dental programs in 19 States include educational and diagnostic services at clinics conducted by local practicing dentists; 18 States provide for corrective dental service, either at clinics or in dentists' offices.

Increasing emphasis has been placed on the importance of mental hygiene services in promoting maternal and child health. In contrast to the few and scattered programs of 1939, 14 States had some kind of mental health projects in operation in 1947. All State programs were making increased use of mental health resources.

Thanks in large part to the additional funds, there was a general strengthening of medical and other personnel in the State programs. Medical positions in the fiscal year 1947 totaled 185, as against 130 in 1939. Most of the States, with the approval of the Children's Bureau, gave high priority in their budgets to graduate training for their staffs. In 1946-47, State agencies planned to spend approximately \$1 million of their total maternal and child health funds on training of

professional personnel. In the development of in-service training programs, the granting of educational leave, and the planning of training courses for physicians, psychiatrists, psychologists, dentists, nurses, and medical social and psychiatric social workers, the Bureau has collaborated closely with the States.

Institutes for nurses in pediatric and obstetric instruction were held during the fiscal year in various States. The Bureau's orthopedic, physical therapy, and regional nursing consultants participated in an orthopedic workshop conducted by Colorado for public health nurses. Substantial grants, approved by the Bureau, were made by State agencies to a number of universities for clinical courses in obstetric and pediatric nursing. In May 1947, a maternity nursing workshop was held under the sponsorship of the Maternity Center Association and the Bureau.

In the medical social work field, educational and training activities have included consultation with schools of social work in the development of courses in the social aspects of public health and medical care. The Bureau also assisted in developing institutes and seminars for medical social consultants in maternal and child health and crippled children's programs, held under the sponsorship of various universities.

Six States provided educational leave and stipends for 11 nutritionists for graduate study. The Bureau advised schools of public health and colleges of home economics on their graduate courses of training for nutrition work in the public health field.

In spite of new staff appointments and the efforts made by the States to recruit professional workers, many staff vacancies still existed in many States at the close of the fiscal year 1947. Low salary scales prevailing for some public health positions make recruitment of qualified personnel difficult. In all States, shortages of physicians who are trained or experienced in public health, obstetrics, or pediatrics handicap the rapid development of maternal and child health programs. On January 1, 1947, at least 2,489 vacancies existed in public health nursing positions for which budgetary provision had been made, although 750 more public health nurses were employed than a year earlier. Of the approximately 150 positions for nutritionists included in the annual budgets of the States, about 1 in every 4 was unfilled. The supply of medical social work personnel is still markedly limited for the 144 positions budgeted in the maternal and child health programs.

Despite personnel shortages, the program was able to serve slightly more children and mothers during the calendar year 1946.

The number of mothers who received antepartum medical services increased from 117,000 in 1945 to 129,000 in 1946, but the number



receiving antepartum public health nursing services decreased from 238,000 to 231,000. Approximately 31,000 women were given postpartum medical examinations in 1946, as compared with 35,500 in 1945; some 203,000 received postpartum nursing services in 1946, compared with 201,400 in the previous year.

About 456,000 infants and preschool children attended well-child conferences in 1946, as against 426,000 children in 1945. Public health nursing services reached about 952,000 infants and preschool children, somewhat fewer than in 1945.

Physicians' examinations of school children numbered 1,587,000, as compared with 1,117,000 in 1945. The number of public health nursing visits for school health supervision increased from 2,166,000 to 2,184,000.

Nearly twice as many immunizations for smallpox were given—2,457,000 in contrast to 1,273,000 in 1945. Diphtheria immunizations also increased, from 1,360,000 to 1,452,000.

Dental inspections of school and preschool children by dentists or hygienists showed a substantial gain in volume in 1946, when they totaled 1,143,000 as compared with 788,000 in 1945.

The above figures are for the calendar year 1946 and thus include data for only the first half of the fiscal year 1947. Since increased Federal grants did not become available until the fall of 1946, the figures do not fully reflect the gains made possible with the increased appropriations.

### *Services for Crippled Children*

The objective of grants-in-aid for services for crippled children is to help the States "extend and improve (especially in rural areas and in areas suffering from severe economic distress) . . . services for locating crippled children, and for providing medical, surgical, corrective, and other services and care, and facilities for diagnosis, hospitalization, and aftercare, for children who are crippled or who are suffering from conditions which lead to crippling."

All States have legislation authorizing an official State agency to provide treatment of and care for crippled children. In 31 States, this agency is the State health department, and in 10, the department of public welfare; other agencies are used in the remaining 12 jurisdictions. In its consultations with State agencies, the Children's Bureau, although recognizing the right of the States to work out their own machinery, has stressed the advantage of unified administration of the maternal and child health and crippled children's programs.

Of the \$7.5 million in Federal grants for services for crippled children, half (Fund A) must be matched by the States. Each State re-

ceives \$30,000, and the balance of Fund A is prorated on the basis of the number of children under 21 years of age in each State. Aside from a reserve amount for special projects, the remaining \$3,750,000 (Fund B) is apportioned among the States on the basis of a formula that takes into account both the financial need of each State for assistance in carrying out its plan and the number of children under age 21. Again weight is given to the number of children in rural areas. The apportionment of Federal grants for the fiscal year 1947 appears in table 11.

States seek to provide a program of services through their crippled children's agencies that includes locating all crippled children; diagnosing their crippling condition; maintaining a register of all crippled children in the State; providing or locating skilled care for crippled children in hospitals, convalescent and foster homes, and in their own homes; and cooperating with agencies and professional groups concerned with the care and training of crippled children.

Services are State-wide but, because of limited funds, relatively few States are able to care for all the crippled children within their borders. Definite progress, nevertheless, is being made with the enlarged Federal grants in getting more services to more children.

At the close of the calendar year 1946, official registers of crippled children, maintained by State crippled children's agencies, included the names of more than 442,000 children, an increase since December 1945 of about 38,000 children. A child is eligible for registration if he has a type of crippling for which, according to the approved State plan, children may be accepted for care by the official State agency, and if the crippling condition has been diagnosed by a licensed physician.

Wide variation exists among the States in the proportion of the child population so registered. In Georgia, 4.1 per 1,000 children under 21 years of age appear on the register of the State agency, while in the District of Columbia the rate is 17.6 per 1,000. In general, a relatively low State rate seems to be due to incomplete registration rather than to a low occurrence of crippling conditions among children of the State. A beginning was made during the year, with the assistance of the Bureau's Advisory Committee on Crippled Children's Statistics, on a review of the purposes and uses of the crippled children's registers.

Reports provided by State agencies show increases in the calendar year 1946 in the volume of all types of services. More than 108,000 children received diagnostic or treatment service at crippled children's clinics, as compared with about 93,000 in 1945. More than 27,000 children were hospitalized and 4,700 received care in convalescent homes. Approximately 1.3 million days of care were provided in hospitals, and 478,000 days in convalescent homes.

The kinds of services have also been extended. During the fiscal year, Arizona and Hawaii initiated special programs for children suffering from rheumatic fever and rheumatic heart disease, bringing to 22 the number of States operating rheumatic fever programs. Most of these programs have provided complete care, including medical, nursing, and medical social services; facilities for diagnostic and treatment services; care in hospitals, sanatoria, or convalescent homes; and aftercare services necessary to safeguard medical gains. These programs serve only a limited geographic area, but expansion was under way in 15 States in 1947.

Of all crippling conditions represented on the State registers of crippled children, poliomyelitis ranks first. State programs have included not only services to children with residual paralysis but also their care during acute stages of the disease. In the calendar year 1946, more than 25,000 cases of acute poliomyelitis were reported, as compared with 13,500 in the preceding year. States in the North Central region, the Rocky Mountain area, and the far West experienced the highest incidence of the disease. In all instances the State crippled children's agencies either assumed leadership in the planning and administration of the services or participated actively in such planning.

State directors of programs for crippled children are showing increasing interest in services to children with cerebral palsy. This group of children has consistently ranked second only to those with poliomyelitis on State registers of crippled children. At the present time, more than 40,000 such children, nearly 10 percent of the total number on the registers, are known. Since 1937, at least 6 States have carried on special programs for children with cerebral palsy. At the end of the fiscal year 1947, 12 States had special programs for such children, and 7 more were planning such services for the coming year.

One of the most significant developments in the field of cerebral palsy is the rising tide of interest among groups of parents and influential lay organizations. Throughout the country, hundreds of such local groups are springing up. The National Society for Crippled Children and Adults has recognized the need for special efforts in mobilizing this spontaneous lay interest and has organized advisory councils and other services to provide leadership on a national basis.

The Children's Bureau, in March 1947, called together a conference of medical specialists and professional personnel from related fields involved in the care of the child with cerebral palsy. The conference, the first of its kind, drew up specific recommendations to be used as guidelines by the Children's Bureau and the State crippled children's agencies in getting work started on behalf of these tragically neglected children.

One additional State in 1946 extended its crippled children's services to provide care and treatment of children with hearing defects;



5 States now have such programs. About 20 States make some provision for surgical correction of visual impairments.

Demonstration projects, financed with Federal funds in the fiscal year 1947, are making progress. Maryland provided surgical treatment for heart disease. The District of Columbia started general pediatric care for children who were chronically ill. Maine established a special plastic surgery program. The Alaska Territorial Health Department put into operation the first hospital for crippled children in the Territory, eliminating the necessity for sending all such children to Seattle for hospital care.

### *Child Welfare Services*

In every community there are children in trouble. The trouble may be caused by parents' ignorance, inadequacy, neglect, or death. It may be due to lack of good community resources and safeguards for all children. It may trace back to other factors detrimental to the development of emotional security and good social relationships.

These children may be living in their own homes, in foster homes, or in institutions. They may be children of illegitimate birth, or children needing legal protection of their person or property. Their need for help may be reported by parents, neighbors, teachers, police, judges, or other community leaders.

These are the children for whom the welfare agency of each State has created a specialized child welfare service. This service is usually provided by a division of child welfare in the State department of welfare that works with local welfare agencies. Child welfare staffs of State welfare departments include professional social workers with training in the problems of children in need of special care and service.

The 1946 amendments to the Social Security Act, which increased grants for these services from \$1,510,000 to \$3,500,000 annually, raised the minimum available to each State department of welfare from \$10,000 to \$20,000. The remainder is allotted according to the proportion that a State's rural population bears to the total rural population of the United States. The apportionment of grants to the various States for the fiscal year 1947 appears in table 11.

Federal funds for child welfare are and have always been limited to "payments of part of the cost of district, county, or other local child welfare services in areas predominantly rural, and for developing State services for the encouragement and assistance of adequate methods of community child welfare organization in areas predominantly rural and other areas of special need."

Child welfare services provided in communities can best be described by listing the types of service given in various localities. These services, which all require the skills of properly qualified social workers, are (1) counseling on problems of children in or out of their

own homes; (2) arranging for foster-home or institutional care for children who need care away from their own homes, either on a temporary basis or as a permanent arrangement; (3) finding and securing the necessary attention for children who have physical, mental, and emotional handicaps and who are not receiving the care they need; (4) safeguarding children of illegitimate birth; (5) assisting courts handling children's cases; (6) cooperating with State institutions caring for children; (7) working with mental hygiene clinics; and (8) assisting schools in handling attendance and conduct problems. Child welfare workers also aid in the organization of community services for children, including services needed for the prevention of juvenile delinquency.

Soon after Congress made available the increased grants, four regional conferences with State administrators and directors of child welfare were held to discuss directions which the expanded programs might take.

Significant conclusions were reached at these conferences as to the basic premises and objectives of public social services to children. There was general agreement that the State has a responsibility for providing services to all children, irrespective of sex, race, creed, residence, or economic status. Strong evidence was presented that local welfare agencies cannot provide adequate care and facilities without State aid, and that Federal funds are needed to strengthen State resources. It was clear from these discussions that child welfare services have done a great deal to lay the basis for broad public social services that draw no lines between the economically needy and the rest of the people.

An acute shortage of qualified personnel is one of the most serious problems confronting all social agencies. Training at schools of social work, therefore, was one of the major uses to which the States put the additional Federal funds. Typical of the use of such grants is the program worked out by North Carolina, which budgeted \$12,000 for this purpose. A total of 31 persons received grants for periods of study ranging from 3 to 9 months. Twenty of them had no previous professional training.

The full time of a special consultant on the Children's Bureau staff is devoted to advising with the States on programs for staff development, methods of training, policies of educational leave, cooperation with schools of social work, and recruitment problems. A Nationwide survey has been made of the methods used by State welfare agencies in the recruitment of staff, and an appraisal of the relative merits of such methods is being prepared for the use of these agencies. The Special Committee on Training and Personnel, advisory to the Children's Bureau and the Bureau of Public Assistance, was of major

assistance in formulating policies on educational leave and field-work placements.

The regulation on the use of Federal funds by the States in paying for the maintenance of children in foster care was revised during the fiscal year to allow these funds to be used for the temporary care of children in boarding homes or care in such homes for special groups of children with particular needs. Louisiana, one of the two States using Federal money for this purpose, has arranged in one area for the payment of a monthly subsidy to foster parents, in order to have available at all times one or more boarding homes for the temporary care of children awaiting court hearing. Wisconsin likewise provides, in a limited area within the State, for boarding homes for temporary care of infants of unmarried mothers while plans for adoption are pending. Another State is considering developing a homemaker service for families in three rural counties.

Since this was the first year that a Federal grant was available to the Virgin Islands, the Bureau gave special attention to working out plans for child welfare work there. Two trained child welfare workers from the continental United States have been engaged to work in the Virgin Islands for 2 to 3 years, and arrangements are being made for beginning a training program for local personnel.

Approximately 230,000 children were receiving noninstitutional services from public child welfare agencies on December 31, 1946, an increase of about 5 percent over the number a year earlier. Of every 5 children receiving such services, 2 were living with parents or other relatives, 2 were in foster-family homes, and 1 was in an institution or elsewhere.

The extreme variation in the availability of child welfare services among the States and among different sections of the country shows up in the reports for December 1946. In 35 States reporting, 4.6 out of every 1,000 children under age 21 were receiving service, but the number was as low as 0.8 per 1,000 in Tennessee and as high as 17.1 in Minnesota. Despite the large number of Negro children in the South and the generally lower socio-economic status of their families, fewer Negro than white children in relation to the total number in each group were served by public child welfare agencies in the South, while the reverse was true in the North and West.

These variations reflect the level of development of child welfare programs and the adequacy of funds for their operation more than they do the differences in need for service among the States. As of June 30, 1946, there were slightly more than 2,200 full-time child welfare workers paid from public funds, but more than half of them were concentrated in 7 States and 1,300 were working in 237 urban counties. In addition to full-time child welfare workers, 663 other employees were devoting full time, and 2,981 part time, to these programs.



*Emergency Maternity and Infant Care Program*

Unlike the regular maternal and child welfare programs under the Social Security Act, which require State financial participation, the special wartime program for emergency maternity and infant care has been financed entirely by the Federal Government from its general tax revenues. Liquidation of the program started on July 1, 1947.

Launched by unanimous vote of Congress on March 18, 1943, and supported each year with appropriations unanimously approved, the emergency maternity and infant care program has proved to be the biggest public maternity care program ever undertaken in this country. The Children's Bureau has had continuing responsibility for its Federal operations.

Under the program the Federal Government undertook to provide maternity care for wives of enlisted men in the four lowest pay grades of the armed forces and of aviation cadets, and to provide medical, nursing, and hospital care for their infants during the first year of life. Care provided was without cost to the serviceman's family. From the start of the program through June 30, 1947, a net total of \$124.9 million had been allotted to the States to cover the cost of care and State administrative expenses. More than 1,420,000 cases had been completed or approved for care.

State health departments administered this program, and to them large credit must go for the efficient operation of the huge undertaking. The many private physicians and hospitals accepting responsibility for providing care also merit the Nation's gratitude, for without their skills and service the program could not have been undertaken. At its peak in 1945, 48,000 physicians and 5,000 hospitals were cooperating. These figures represented 50 percent of all active physicians in private practice and 90 percent of the registered hospitals, other than those caring for mental, nervous, and tubercular patients.

With the close of hostilities in 1945, the abandonment of Selective Service in March 1947, and the return to peacetime conditions, the need for an emergency maternity and infant care program obviously shrank. Only 152,000 new cases were authorized in the fiscal year 1947, of which 100,000 were maternity and 52,000 were infant cases. In the fiscal year 1945, on the other hand, approximately 385,000 new cases were authorized. As applications for maternity care fell off, applications for infant care naturally assumed a larger proportion of the case load. In the last 6 months of the fiscal year 1947 the number of infant cases represented 41 percent of all authorizations, as compared with 11 percent in July-December 1944. At the close of the fiscal year the States were carrying about 106,000 uncompleted cases.

The general postwar rise in prices showed up in the cost of maternity cases. The average cost of maternity cases completed in the last quarter of the fiscal year 1947 amounted to \$100.40; in the first quarter the figure was \$90.55. The average cost of infant cases that were completed in the last quarter was \$60.80, as against \$59.95 for the quarter ended September 30, 1945. A major reason for the higher cost of maternity cases was the increase in the cost of hospital care. Almost 93 percent of the maternity cases completed during the fiscal year were delivered in hospitals; less than 1 percent were not attended by physicians.

All cases authorized before July 1, 1947, will be completed. New cases thereafter may be accepted only if the mother or infant was eligible for care as of June 30, 1947. It is anticipated that the last case will be completed within the 2-year period July 1, 1947-June 30, 1949; Congress has appropriated \$3 million for that period.

### *Investigating and Reporting Services, 1946-47*

Basic to all the work of the Children's Bureau is its responsibility, under the act of Congress creating the Bureau in 1912, to investigate and report "upon all matters pertaining to the welfare of children and child life among all classes of our people."

Little occurs in the economic, social, and cultural life of the Nation that does not in one way or another, directly or indirectly, impinge on the "welfare of children and child life." Since the Bureau must work within the limits of its personnel and budget, it must be selective in its investigations and reporting, focusing its efforts on areas where there is most need for information and where information can best be used in helping public and private services increase their usefulness to children.

### *Research*

*Mortality studies.*—The year 1945 was a banner year for the United States in the safeguarding of mothers and children from fatal risks in childbearing and in infancy. The maternal mortality rate, 20.7 deaths per 10,000 live births, was the lowest ever recorded in this country and 9 percent below the 22.8 recorded for 1944. Likewise, the infant mortality rate as conventionally computed declined from 39.8 per 1,000 live births in 1944 to 38.3 in 1945. When adjusted for the changing number of births, the rates were 39.4 in 1944 and 38.2 in 1945, a decline of 3 percent. Preliminary figures for 1946 indicate a further decline.

Despite the encouraging showing in national rates, maternal mortality in some States, particularly among nonwhite mothers, was disproportionately high. An analysis and appraisal of maternal and

infant mortality rates in 1944 indicate that reduction in maternal mortality among nonwhite mothers lags 15 years behind that for the rest of the population.

A study of neonatal deaths emphasized again the importance of concentrating attention on risks in the first month of life if the infant mortality rate is to be significantly lowered in coming years. While death rates for the first year of life dropped 29 percent from 1935 to 1944, rates for the first month declined only 24 percent in the same period. Sixty-two percent of all infant deaths in 1944 occurred when the infant was less than a month old. Deaths due to premature birth

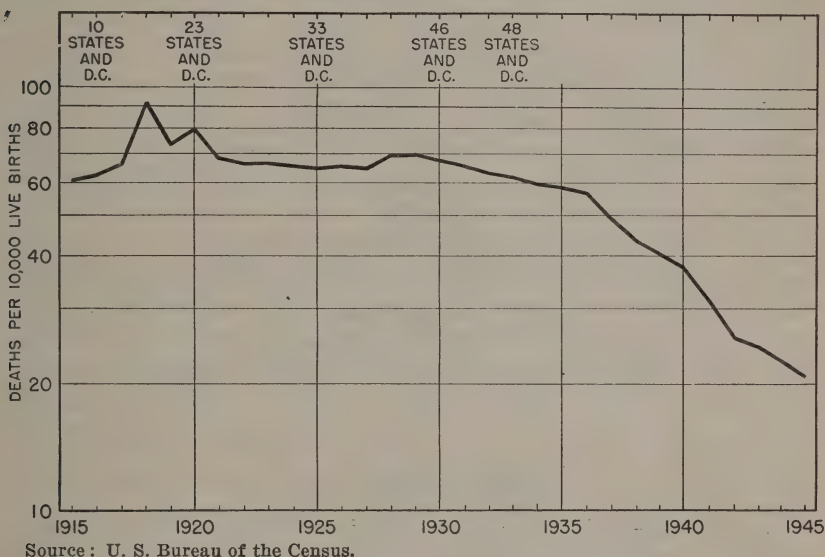


CHART 12.—Maternal mortality rates, 1915-45

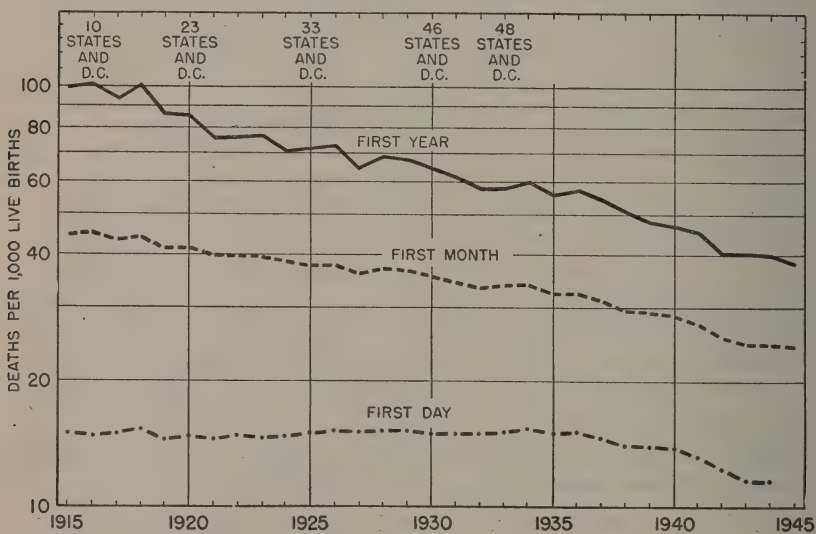
are the largest single cause of mortality during the first year of life. At least two-thirds of these deaths could be prevented if the infants could all receive care in modern "premature centers" with especially trained medical and nursing personnel.

A study of childhood mortality due to rheumatic fever and heart disease in the United States, based on data for 3-year-average periods in each of three decades—the 1920's, 1930's, and 1940's—indicates that, whenever death rates are based on large groups, mortality from rheumatic heart diseases is higher among nonwhite than white children. The sex difference in mortality is, generally speaking, insignificant, except in the group 15 to 19 years of age. Death rates from these diseases in the South and the Pacific Coast States tend to be below, and in the Middle Atlantic States above, the national average for both



white and nonwhite children. The Mountain States have extremely high rates for the white group.

*Child health survey.*—By June 30, 1947, all States were participating in the study of child health services undertaken by the American Academy of Pediatrics with the cooperation of the U. S. Public Health Service and the U. S. Children's Bureau. The Bureau has aided this study, the most comprehensive of its sort ever undertaken in this country, by lending the director of its Division of Research in Child Development to the executive staff of the study. A preliminary analysis of the returns from North Carolina, used as a pilot State, was issued for the annual meeting of the American Academy of Pediatrics in February.



Source: U. S. Bureau of the Census.

CHART 13.—*Infant mortality rates, by age, 1915-45.*

*Dental health studies.*—Investigation to develop plans for dental health services for children continued during the year. One was an evaluation of a dental health program for elementary school children, involving the analysis of dental records collected through the Cleveland Department of Education's Dental Health Service; these records include the findings from at least six annual examinations, as well as data on follow-up efforts and dental correction. Records of mobile dental units supplying dental care to children in rural areas in Kentucky over a 5-year period were studied to obtain data on cost, coverage, dental man-hours, types and number of services rendered, and the time necessary for various operations. A study of the budgets and expenditures of all State health departments for dental health pro-

grams from 1937 through 1946 was inaugurated during the year. In June 1947 the Bureau held a conference with authorities on orthodontic needs of children and the methods, services, and problems involved in meeting those needs.

*Pediatric nursing study.*—In cooperation with the National League of Nursing Education, the Bureau made a controlled study of the elements that go to make up good pediatric nursing care in hospitals. Results of the study will be published by the National League and so made available to hospitals and others responsible for standards of nursing care of sick children.

*Visual-testing study.*—During the fiscal year a conference was held of representatives from the fields of education, medicine, nursing, medical social work, and welfare, to give advice on the conduct of a study of the various vision-testing procedures commonly used in elementary schools. The study is to be made jointly by the Bureau and the National Society for the Prevention of Blindness, with the cooperation of a State health agency.

*Guardianship.*—The growing number of children entitled to benefits under various public programs makes extremely timely a study of laws and procedures governing the legal guardianship of children. Many such laws are antiquated, and practices under them have lagged far behind modern knowledge of the social needs of children. The Bureau will soon release the final report on its study of court records, procedures, and cases of children under guardianship in two local jurisdictions in each of six States.

#### *Advisory Services on Problems Affecting Children*

*Services to children with special needs.*—Consultation services were given to States and local groups in the field of juvenile delinquency and community planning for children and youth. In addition, the Bureau completed several special studies in that field. The report of the Bureau's 7-year project in St. Paul, Minnesota, demonstrating the value of an integrated and specialized community service for children showing early behavior problems, was published under the title, *Children in the Community*. A popular version of the report will be released later this year. The final report of the project jointly conducted by the Children's Bureau and the Bureau of Public Assistance in Newport News, Virginia, recounts the efforts made during wartime in organizing a community to deal with the treatment and prevention of juvenile delinquency.

The method of reporting juvenile court statistics, collected each year by the Bureau since 1927, was revised to attain broader coverage through collection of local data by State welfare agencies, and to yield information both on the types of cases disposed of and on the number

of children served. Final figures for 1945 show that the number of cases disposed of by courts reporting to the Children's Bureau was 6 percent greater than in 1944.

Much staff time went into preparing material for consideration by the National Conference on Prevention and Control of Juvenile Delinquency, called by the Attorney General.

Serious situations are reported of inadequate, if not positively bad, care and treatment of boys and girls in training schools in many States, because of poorly qualified personnel and inadequate facilities. Several State schools were visited, and suggestions were given on improving standards of service and integrating the State's training school programs into its total child welfare program. At the request of the Child Welfare Division of the American Legion, a study was made of the policies and practices of 22 States in admitting pregnant feeble-minded and epileptic girls to State training schools.

In connection with the wide variety of requests that come to the Bureau for information and counsel on problems connected with the care of children away from their homes, considerable exploratory work was done during the year in collating facts about current and desirable practices on such aspects of foster care as foster-home finding, intake policies, size of case loads, board rates, costs of institutional care, personnel practices, in-service training programs, foster-parent education, licensing, and general standards of care. Consultation service was given to many public and private agencies. Special attention was given during the year to problems of interstate placement.

It becomes increasingly evident that the public is looking to public welfare agencies for guidance and assistance in adoption matters. These agencies, in turn, look to the Children's Bureau for counsel in the development of their policies. Consultation on adoption policies was also given to private agencies during the year. The Bureau's consultant on adoptions worked with the March of Time on its special feature, *Nobody's Children*. A new folder for parents was published under the title, *When You Adopt a Child*.

While there is a continuing need for day-care services for children, the supply is decreasing. Requests for counsel received from Federal, State, and local agencies by the Bureau covered problems of licensing, standards, building requirements and equipment, and methods of appraising need for programs. An interpretation of foster-family day care was published under the title, *Mothers for a Day*.

Interest in improving services to unmarried mothers and their babies has become Nation-wide. The Bureau was called into consultation by public and private agencies in several States. Improvements were reported during the year in methods of birth registration as



one means of safeguarding the welfare of children, particularly those born out of wedlock.

The Bureau has been called on for consultative help by both private and public welfare agencies, which are making more use of homemaker services to give trained and supervised care for children in their own homes. In Colorado, homemakers are available for assignment in counties. In New York City and Chicago, homemakers are employed in the public welfare departments.

Increasingly, agencies are recognizing the therapeutic value of group work, as distinct from individual case work, with children. Both the Colorado and Indiana welfare departments are using group-work consultants in their State child welfare programs. The Bureau gave consultation service to Illinois, Maine, and Michigan on the use of group work in convalescent care programs and camping programs for children with physical handicaps.

*Services to children in special groups.*—Evidence of the health and welfare needs of children of migratory workers, among the most neglected in the Nation, was presented by the Bureau at meetings of the Federal Interagency Committee on Migrant Labor, of which the Children's Bureau is a member. In its report, *Migrant Labor*, the Committee concludes that "child labor, substandard living, and a padlock against education have destroyed the rights of children and drastically disturbed the integrity of family life among migrant workers . . . The health hazards to which they are exposed are a menace not only to themselves and to their children, but also to the people and families with whom they come in contact all along their line of march." In recommending that all appropriate State and Federal agencies carry through practical measures "which will insure adequate housing, health, nutrition, welfare, and related services," the Committee makes specific suggestions on how conditions for children might be improved.

Special consultation on services to children in minority groups was given to such national organizations as the United Council of Church Women, the National Colored Parents and Teachers Association, the National Council of Negro Women, the Sigma Gamma Rho Sorority, and to public welfare and private child-caring agencies in California, Kansas, Missouri, and Texas.

Great increases in college enrollments of married students with families have raised problems of importance to public health and welfare agencies. At the request of the American Council on Education, the Bureau cooperated in a survey of community services needed for the care of these families. The Council is sending results of the survey to presidents of State associations of colleges with the suggestion

that they call State-wide meetings of representatives of colleges, universities, veterans' organizations, welfare agencies, and other interested groups to work out plans for the development and coordination of services at State and community levels.

*Mental health programs.*—To meet the increasing volume of requests for guidance in the use of psychological and psychiatric services by public health and welfare agencies in all programs of foster-family and institutional care of children, the Bureau conducted a number of field investigations during the year. Exploratory visits were made to public and private agencies in Illinois, Kansas, Minnesota, and Ohio to observe the type and content of services provided for children with disturbed behavior patterns.

*Educational and employment opportunities for youth.*—On behalf of the Interagency Committee on Youth Employment and Education, the Chief of the Children's Bureau, who was also chairman of the Committee, late in 1946 submitted a report and recommendations to the Director of War Mobilization and Reconversion. The report summarizes the observations of 11 Federal agencies on problems of school and employment opportunities for young people and lack of community preparation to deal with youth needs in the postwar period.

*State legislative proposals.*—Service was given to groups in many States on provisions concerning children, to be included in bills to go before the State legislatures. Among the subjects on which legislative changes were proposed or enacted were the following: adoption, birth registration, licensing of institutions and agencies, foster homes, and maternity hospitals and homes.

### *Reporting Services*

Information concerning the research reports mentioned in the preceding pages and on other studies now under way is available on request from the Bureau. Results of the Bureau's studies and surveys are communicated to public and private agencies administering programs for children. In its monthly periodical, *The Child*, and through other mediums, the Bureau discharges its responsibility of reporting to the public and to professional workers on all aspects of child life.

In the fiscal year 1947, 234,000 letters came to the Children's Bureau. Many could be answered with a publication. The others needed, and got, the personal attention and counsel of a social worker, a doctor, or a nurse.

A mother of six, for instance, who is ill and cannot care adequately for her youngest child, asks where she can turn for help. Another mother, with a 6-month-old child left blind and deaf after an attack of spinal meningitis, wants a book on how to care for him. A father,

unable to support his family of eight, is desperate because his 11-year-old son cannot walk. The parents of 10 children write that floods have wiped out their crops and they have no way to pay for an operation badly needed by their 4-month-old baby. A boy, 15 years old, is about to be released from a training school; his stepmother, convinced that he will need the care of a psychiatrist on his release, writes for advice.

The Bureau does not attempt to solve the writers' problems at long distance. It puts the writer in touch with the appropriate resources close at hand which—in many instances State and local health and welfare agencies—can be counted on for understanding and skilled advice.

Many inquiries come from professional workers, administrative personnel, and from civic leaders. A doctor in Haiti, appointed obstetrician for a general hospital, wants a list of the most recent books and journals in the field. A Friends Service Committee wants teaching material for its workers on child care. A civic council wants to work on improving detention facilities for children awaiting appearance before the juvenile court. A group of neighbors decides to do something about their young people's problems and wants a trained person to make a survey.

During the fiscal year, 2.1 million publications were mailed out in response to requests. The great majority were the Bureau's well-known bulletins for parents. More than a million copies of *Infant Care* were requested from the Bureau, and another 397,000 were sold by the Superintendent of Documents. From 1914, when the first edition of this bulletin was brought out, to the end of June 1947, more than 20½ million copies had been distributed. Requests during the year for free copies of *Prenatal Care* totaled 232,100 and for *Your Child from One to Six*, 237,000. During the year the Bureau issued 35 new and 14 revised publications.

As one way to report to the people what it knows and to learn from the people what they want from public service, the Bureau has always kept in close touch with the many national, State, and local groups concerned with the welfare of children. During the war, leaders from many of these groups formed a national body, known as the National Commission on Children in Wartime. This organization was immensely valuable in counseling the Bureau and in focusing public attention on the needs of children under war pressures. In December 1946 the Commission reconstituted itself as the National Commission on Children and Youth and voted to continue as a body advisory to Federal agencies and to citizen groups supporting programs for children and youth. Members are appointed, on advice of the Executive



Committee, by the Commission's chairman and by the Chief of the Children's Bureau.

At its first meeting in December the new Commission adopted an "Action Program for 1947 and 1948." This action program emphasized again the need for expansion of social security programs affecting family income; child welfare and child health services; Federal and State aid for education; mental health and guidance programs; recreational opportunities for children; improved child labor legislation and employment opportunities for boys and girls ready to start work; State and community planning for children and youth, with youth participation in such planning; and international action to strengthen services for children and youth in all countries. The Commission strongly recommended that a 1950 White House Conference on Children be held and that in anticipation States and local communities should measure the progress made since the last conference and, on that basis, determine problems that need to be taken up at the national conference.

Representatives of 17 State commissions or councils on children and youth met with the National Commission at its first gathering and discussed their widely varying experiences and plans for improving conditions for children within their States. Three that were organized by citizens or appointed by Governors during the year included the Texas Committee on Children and Youth, the North Dakota Youth Council, and the South Carolina Youth Conservation Committee. Several State legislatures passed laws establishing commissions, notably the Arkansas Council for Children and Youth, the Colorado Children's Code Commission, the Florida Children's Commission, the Kansas Juvenile Code Commission, and the Oklahoma Children's Code Commission.

### *International Cooperation, 1946-47*

Together with 21 other Government departments and agencies the Children's Bureau is cooperating in the Program of the Interdepartmental Committee on Scientific and Cultural Cooperation under two acts of Congress relating to international cooperation. One is Public Law No. 63, Seventy-sixth Congress, as amended in 1939, which authorizes the temporary detail of United States Government employees to the other American Republics, the Philippines, and Liberia, when these countries request assistance in their cultural or scientific programs. The second is Public Law No. 355, Seventy-sixth Congress, approved August 9, 1939, which gives the President authority to use the services of Government agencies in carrying out agreements

reached by the 21 American Republics at inter-American conferences. Member agencies of this Committee receive a special budget from the Department of State for their activities under these provisions.

Under this program of international cooperation, the Children's Bureau lends other American Republics, on request, the services of its consultants in child health and child welfare for limited periods. It also assists specialists from other American Republics in planning and carrying out studies and observations of child health and welfare services in this country.

During the fiscal year 1947 the Bureau assigned a medical consultant, a nutrition specialist, public health nurse midwives, and child welfare workers to work with governmental agencies in Argentina, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Mexico, Panama, and Peru. In some instances this staff worked directly in the maternal and child welfare programs of these countries; in other cases they assisted governments in developing training programs for professional workers in the health and welfare fields.

In Peru, for instance, the Bureau's child welfare worker cooperated with a special mission sent to relieve an area severely devastated by earthquake. Help was given to Brazil's National Children's Bureau in developing its training program for child welfare workers. In Ecuador, assistance was given to the Ministry of Social Welfare in reorganizing a school of social service. The nutrition consultant helped official agencies in Guatemala in preparing a child-feeding manual for the use of physicians and nurses in health centers. The Bureau's public health nurses held special institutes for midwives in Mexican border States.

Four specialists from Bolivia, Mexico, Panama, and Paraguay received grants to study child health and welfare services in the United States in the fiscal year 1947. Their schedules in this country were worked out by the Children's Bureau. Similar guidance was given to more than 200 visiting specialists from countries in other parts of the world who were referred to the Children's Bureau by the U. S. Department of State, United Nations agencies, and individual foreign agencies.

Child health and social problems in border communities were studied at two conferences held in Laredo, Texas, and San Diego, California, in May and June 1947, respectively, under auspices of the Mexico-United States Border Health Association. Among those who attended were representatives of the Mexican Government and of the Children's Bureau.

The Chief of the Children's Bureau, who is the official United States representative on the council of the American International Institute

for the Protection of Childhood, was represented at its meeting in Montevideo, Uruguay, in April 1947. Plans were made at this meeting for the Ninth Pan American Child Congress to be held in Caracas, Venezuela.

To appraise the need for maternal and child welfare services in the Philippines, the Bureau sent a medical consultant and a psychiatrist to the Islands for several months to make observations in cooperation with agencies of the Philippine Government.

Assistance was given to the United States Committee for the Care of European Children, responsible for placing unaccompanied children who enter the United States under authorization of the President's directive of December 22, 1945. These placements are made under the supervision of social agencies designated by the Children's Bureau.

Problems arising from the adoption of Canadian children by United States citizens who bring their adopted children to this country were worked on by the Bureau in cooperation with the Canadian Welfare Council. Under the Bureau's auspices, a conference with representatives of eight State public welfare agencies was held in Philadelphia in October 1946, looking toward the development of a mutual understanding on adoption procedures between Canadian and United States public welfare agencies.

Various conferences were held during the fiscal year on problems arising from the presence of United States troops in other countries. These relate to questions of paternity, claims for support, and petitions for adoption of children who were born out of wedlock and whose alleged fathers were members of the United States armed forces.

### *Improving Services for Mothers and Children*

Against the record of achievements recounted in this report must be balanced the size of the job to be done for the children of the Nation.

Much of the evidence of need for services was presented to the Seventy-ninth Congress, which increased the Federal grants to \$22 million. Additional testimony was presented to the Eightieth Congress in hearings on such bills as the National Health Act of 1947, the National Health Insurance and Public Health Act of 1947, and the National School Health Services Act of 1947.

Further documentation of the need of great numbers of children for a better chance in life was strikingly presented in *A Program for National Security*, the report of the President's Advisory Commission on Universal Training, submitted on May 29, 1947.



"The factors that make an individual fit or unfit to defend his country," the report states, "are many years in the making; when an emergency comes, relatively little can be done to remedy his past lacks and present deficiencies." After an illuminating summary of some of the available information on how far we have "actually come in making sure that every child has what all children need," the report concludes that "the children that represent the majority of our future citizens—country children, children in low-income families, and children in minority groups—have a disproportionately small share in resources, safeguards, and opportunities that all children need. Now, as in the past, our cities and industries look to rural areas and low-income groups for population growth, for the development of production, for markets. The handicaps that many American children face in health, nutrition, education, and housing, and the inadequacies in community services and safeguards for children must concern the whole Nation."

The great gaps now existing in the maternal and child welfare services will disappear only when there is full public acceptance of responsibility for seeing that facilities are made possible for continuous study and investigation of the causes and the extent of need, and that services known to be necessary to protect and maintain the health and well-being of mothers and children are within reach of all mothers during maternity and of all children wherever they may be living. The Act of 1912 creating the Children's Bureau gives that Bureau the authority to make the necessary studies and investigations; the Social Security Act provides the authority under which the Federal Government now gives its support to State programs. Serious consideration, however, needs to be given to the inadequacy of the implementation of the former and to the adequacy of the provisions of the latter to meet the current needs.

There are some 3,100 counties in the United States. Two out of five do not have the service of a full-time public health unit; one out of three has no public health nurse. Three out of five rural counties have no regular maternity clinics; two out of three have no well-child conferences. Twenty-five States have no child-guidance clinics in any community. Approximately five-sixths of all counties have no full-time child welfare worker paid from public funds. Present workers are most unevenly distributed among the States, and between rural and urban areas. In no State or city of the country is there complete coverage of well-rounded, well-developed, and comprehensive programs of child welfare services.

These are a few of the more obvious gaps. To close them, legislation must be ample in scope and must provide for adequate financing

of services. It must provide for progressive development of the full range of health and welfare services for parents and children; for care of high quality; for training of personnel in the special fields of service; and for parent education in the essentials of good care. Such services should be provided without discrimination as to race, creed, nationality, residence, citizenship, or economic status.

In considering how programs can best be expanded, special thought needs to be given to the school-age child, who so frequently is suffering defects or conditions which can be readily corrected in this age period and which, if neglected, may lead to serious handicaps in later life. The hundreds of thousands of children of migratory workers who are now beyond the reach of practically all health, welfare, educational, and other community services must also be given special attention in the development of State programs and in the financial support given them by the Federal Government.

To protect and safeguard the rights of parents and children to these services, State programs should provide full opportunity for fair hearing before the responsible State agency whenever a claim for care or services is denied. As a corollary, State agencies must exercise all necessary precautions against the use or disclosure of information concerning persons applying for or receiving health or welfare services for purposes other than those directly connected with the administration of such services.

In planning this progressive development of services, care must be taken to achieve their effective coordination with other public health and welfare services for the community, so as to avoid duplication and confusion and to achieve rational and well-integrated programs of health and welfare services that reach all people in need of them, whatever their age. While considerable progress has been made in integrating State programs of maternal and child health services and services for crippled children under the same State health agency, there remains room for improvement in this area of administration. Good administration calls for such integration in every State. It should be possible to achieve this goal within 5 years.

Provision for adequate representation of the public, as well as of the professions, on advisory committees to the administrators of health and welfare services is a sound principle of democratic government. Such advisory committees should be developed in all States to give counsel and assistance to State agencies in the planning and direction of these children's programs.

Parallel to the need for expanding child health and welfare services is the need for trained personnel to provide these services. Some of the gains made during the fiscal year 1947 are directly attributable to the return of military personnel to their civilian posts as workers in State and community programs. While this increase in available workers was invaluable, in no single program for children are there enough workers to supply the services now authorized or to carry out an expansion. The States are attempting, within their present limited funds, to meet immediate personnel needs through in-service training, financing of postgraduate education, and part-time employment of staff members of teaching institutions for consultation in the service programs. These efforts fall far short of meeting the situation. Adequate provision must be made, through legislation, for expanding the supply of professional personnel in the various specialties through training programs financed by the Federal Government and by the States receiving Federal grants for their child health and child welfare services.

Research is the cornerstone both of an efficient program of services and of public understanding of the needs of children. Compared with the widespread research, publicly financed, in the development of plant and animal life, relatively little is done in the field of child growth and development. Many research projects that can best be studied on a national scale cannot be undertaken because of lack of funds. Many that could be undertaken by public and private agencies in the States and communities are also blocked by insufficient support. Better coordination and interchange of information is needed to multiply the usefulness of the research now going on. For these purposes, financial help is needed from the people as a whole.

It has become a tradition in the United States every 10 years to assess the condition of children and to measure the distance we have come in providing them with opportunities for wholesome growth and development. This has been the function of the White House Conferences on children. The first was held in 1909; the fourth, in 1940. It is time, now, to plan for a 1950 White House Conference.

Just as we have learned that the welfare of a few children in a community cannot be assured unless all children in the community have the same assurance, so it is with the children of this Nation and of other nations. There must be increasing opportunities for cooperation in matters of concern to children, both between individual governments and through international channels, particularly the United Nations and specialized agencies.



## GENERAL ADMINISTRATION

### *The Social Security Administration*

On July 16, 1946, the Social Security Administration came into being to continue the work which since 1935 had been the responsibility of the three-member Social Security Board. The functions of the Board were transferred to the Federal Security Administrator on July 16 by the terms of President Truman's Reorganization Plan No. 2 of 1946, and on the same day the Administrator issued an order creating the Social Security Administration with the Commissioner for Social Security as its head. The Reorganization Plan also transferred the Children's Bureau from the Department of Labor to the Federal Security Agency, except for its Industrial Division through which the Bureau had exercised its functions under the Fair Labor Standards Act of 1938. Under the Administrator's order, the Children's Bureau became a part of the Social Security Administration.

Thus the Social Security Administration has four program bureaus instead of the three of its predecessor, the Social Security Board. Most of the functions of the Board, as well as those relating to the Children's Bureau, were vested by the Administrator in the Commissioner for Social Security. The principal exceptions were membership on the Board of Trustees of the Federal old-age and survivors insurance trust fund, which was retained by the Administrator, and the functions of the Appeals Council, established as an independent unit within the Social Security Administration to pass upon appealed claims for old-age and survivors insurance.

Arthur J. Altmeyer, one of the Social Security Board's original members and its Chairman since February 1937, was appointed Commissioner for Social Security. William L. Mitchell, Assistant Executive Director of the Board at the time of the transfer, was appointed Deputy Commissioner.

### *International Activities*

The development of United Nations organizations in the field of social security and the readjustment or establishment of social security systems in many countries after the war have increased greatly the demands for knowledge about social security systems in this country and for technical advice on social security problems in other countries. These developments in turn have broadened the Administration's areas of activity in discharging the responsibilities imposed by section 702 of the Social Security Act for studying and making recommendations as to the most effective methods of providing economic security in this

country through social insurance. During the year, more than 300 persons came to the Administration to study the operation of our programs and to give us information on programs in their own lands. These persons included professional and technical social security personnel from more than 40 countries, who have carried on study programs or consulted with staff of the Administration.

As part of the inter-American program on scientific and cultural cooperation, sponsored by the Department of State, the bureaus of the Social Security Administration have arranged for officials from Latin-American countries to study social security programs in the United States for periods of 4 to 6 months. Also, under this same program of technical collaboration, the Children's Bureau has had representatives in South America, at the request of governments there, giving advice on child welfare and child health programs. The UNRRA program of fellowships brought many experienced officials from Europe and the Far East to study aspects of social security here in order to be better prepared for the work of reconstruction in their own countries.

The Administration, through cooperation with the State Department, conducted a 3 weeks' institute on social security for representatives from 10 other American Republics. This program included conferences in Washington; field observation of the operation of the old-age and survivors insurance, employment security, and public welfare programs, including public assistance, child welfare services, and child health clinics; and a visit to the United Nations headquarters at Lake Success.

Officials and staff members of the Social Security Administration have served as United States representatives on various United Nations commissions and organizations. In January 1947, Mr. Altmeyer's nomination by the President as United States representative on the Social Commission of the Economic and Social Council for a 2-year term was confirmed by the Senate. At its initial meeting in February, Mr. Altmeyer was made Chairman of the Commission's Temporary Social Welfare Committee, and at the first session of the General Assembly of the United Nations he was elected one of three experts to serve on the Staff Benefit Committee advising on the United Nations Joint Pension Scheme. Katharine Lenroot, Chief of the Children's Bureau, was appointed by the President to serve as United States representative on the Executive Board of the International Children's Emergency Fund, established to assist in the rehabilitation of children of war-torn countries and for child health purposes generally. Miss Lenroot has been designated as alternate for

Mr. Altmeyer on the Social Commission. Jane Hoey, Director of the Bureau of Public Assistance, through arrangements made by the State Department and the French Embassy, represented the Federal Security Agency at the Paris meeting of the World Congress on Family and Population.

The development of social policy which is involved in the foreign policy of the United States was facilitated during the past year through the establishment by the State Department of an Interdepartmental Committee on International Social Policy with six subcommittees to give consideration to major international policy questions that fall within the scope of several Federal agencies. Mr. Altmeyer is the Federal Security Agency representative on the Subcommittee on Social Welfare, of which he is Chairman. During his absence in Geneva, Jane Hoey, Director of the Bureau of Public Assistance, served for him. Another staff member serves as the Federal Security Agency representative on the Subcommittee on Labor.

The services of staff members were requested and made available to international organizations and to the United States Military Governments for varying periods of time. Mr. Altmeyer was on temporary leave from the Administration to serve as Executive Secretary of the Preparatory Commission for the International Refugee Organization in Geneva, Switzerland, a position to which he was unanimously elected by the representatives of the 11 Member Governments serving as the Preparatory Commission. As Executive Secretary, Mr. Altmeyer's chief responsibility has been to set up the organization of the new refugee agency and to prepare for its assumption of the displaced persons program when the UNRRA program terminated. Dr. Martha Eliot, Associate Chief of the Children's Bureau, was on leave for several weeks to work with the International Children's Emergency Fund; she visited a number of European countries in connection with developing technical data for use in planning that program. At the request of the War Department, two members of the staff have been on leave to give expert assistance in social insurance administration to the United States Military Government in Germany, and one person was released for similar work in Japan.

### *Bureaus and Offices*

Most of the functions of the Social Security Administration relating to the four chief programs for which it is responsible are carried on by the Bureaus of Old-Age and Survivors Insurance, Employment Security, and Public Assistance, and the Children's Bureau. Functions relating to two or more programs or to the more general as-



pects of social security are assigned, in general, to service bureaus and offices.

The Bureau of Research and Statistics conducts the basic studies necessary to analyze aspects of social security that are outside the immediate scope of any other bureau. It arranges for interbureau cooperation on joint analytical problems. Its activities are concentrated on the over-all financial and economic aspects of the several programs; the relation of these programs to other social security and related measures; and the development of findings and recommendations on the most effective methods of providing social security through social insurance, with particular reference to unmet needs for protection during illness and disability.

The Office of the Actuary advises the Commissioner and the staff of the Administration on technical and long-range factors involved in determining costs of present and proposed measures for social security.

The Bureau of Accounts and Audits maintains the Administration's system of accounts covering all funds budgeted, appropriated, collected, or disbursed. Its field staff conducts audits of State public assistance expenditures and of administrative expenditures of State employment security agencies; furnishes constructive accounting services to State public assistance agencies; and reviews the fiscal aspects of State public assistance plans and State requests for Federal funds under such plans.

Informational activities for programs are centered in the Informational Service, which seeks, in the interest of efficient and economical administration, to keep people informed of their rights and obligations under Federal old-age and survivors insurance and to aid State agencies in developing similar awareness among individuals of their rights under unemployment insurance and public assistance programs.

The Office of Appeals Council, which is independent of the Bureau of Old-Age and Survivors Insurance, hears and reviews appeals on claims for wage credits, monthly benefits, and lump-sum payments under the Federal system of old-age and survivors insurance.

The budgetary, personnel, business management, library, training, and publications services of the Administration are directly responsible to the Deputy Commissioner.

### *Regional and Field Organization*

To achieve efficient administration and individualized services, operations of the Social Security Administration are decentralized to

provide local and regional services to workers covered by old-age and survivors insurance, to claimants for benefits under that program, and to State agencies administering programs under the Social Security Act. The continental United States and the Territories of Alaska and Hawaii have been divided into 13 regions. The staff in each region is under the supervision of a regional director, who is directly responsible to the Commissioner and Deputy Commissioner for the efficient administration of the programs within the region, including satisfactory Federal-State relationships and public relations activities. Except in the two Territories, the regional-office personnel include representatives of the program bureaus and of certain service bureaus and offices, as well as staff to furnish personnel and business management services to the regional office and the field offices of the Bureau of Old-Age and Survivors Insurance. The representatives of that Bureau supervise the activities of the field offices concerned with operations of that program. Representatives of the Children's Bureau and the Bureaus of Employment Security and Public Assistance advise and assist State agencies on matters relating to the programs for which those bureaus have Federal responsibility. Regional auditors, regional attorneys of the Office of General Counsel of the Federal Security Agency, and personnel representatives of the State Technical Advisory Service on merit-system administration provide the appropriate specialized assistance to regional directors, representatives of the program bureaus, and State agencies.

### *Merit Systems of Personnel Administration in the States*

Personnel administration in State unemployment insurance, public assistance, and child health and welfare programs is based on merit-system principles. Under these principles, personnel are selected for employment by competitive examination, and their prospects for tenure and advancement depend upon their performance on the job. This protection of the public interest, as well as that of the employee, stems directly from the provisions of the Social Security Act. The Social Security Administration, through its State Technical Advisory Service, provides technical services and consultation as well as review of operations implementing the merit-system clauses in State laws.

The original standards of personnel administration established under the act were of necessity relaxed during the war, and some of the emergency conditions, such as a stringent labor market, still continue to a certain extent. Nevertheless the State governments made substantial advances during the past year toward normal merit-system administration. Realistic classification of positions gained ground,

and pay plans were made more nearly equitable and brought more closely into line with State practice generally. Open competitive examinations were held extensively, to establish lists from which the best-qualified persons can be selected for probationary appointment. These probationary appointees, many of whom are veterans, are replacing persons taken on for the duration of the war.

Most of the States still face, and need help on, many continuing personnel problems. To ensure effective social security administration now and in the future, the States must build a career system despite the difficulties of recruitment and staff turn-over. They must solve continuing problems as to the proper classification and pay of employees. They must face issues affecting veterans and others seeking competitive appointment. They must establish personnel procedures that, properly applied, will weed out the incompetent and assure the retention of the competent. At no time since Congress first required merit-system administration for social security programs have the State agencies shown greater interest in sound policies and practices governing the selection and development of their personnel.

Among Federal bureaus or agencies administering Federal-State programs, progress in setting up uniform standards for State personnel administration has also been made, both among the different units of the Social Security Administration and among the constituent members of the Federal Security Agency. This trend toward uniformity, with its clear gain for the State agencies, received increased impetus from congressional action as reflected in the language of the 1947 Labor-Federal Security Appropriation Act calling for consistent standards for personnel administration as between the social security programs (Federal Security Agency) and the U. S. Employment Service (Labor Department). Common understanding with respect to basic merit-system standards was reached by the two agencies, and appropriate documentation of the conclusions affecting the return of the public employment services to the States was released to the States by the U. S. Employment Service. The 1948 Labor-Federal Security Appropriation Act calls for the issuance of joint personnel standards and methods by the two Federal agencies concerned.

### *Appropriations and Expenditures*

Regular and supplementary appropriations and transfers and allotments to the Social Security Administration for the fiscal year 1947 totaled \$754.2 million (table 2). Of this sum, \$715.9 million was for grants to States for unemployment insurance administration, public



assistance, maternal and child health services, services for crippled children, child welfare services, and the emergency maternity and infant care program; the balance was for administrative expenses of the Administration in connection with the operation of these programs and old-age and survivors insurance. Total available funds were greater by \$178.3 million than the amount appropriated or allotted for these programs for the fiscal year 1946. Of this difference, \$170.4 million represented a net increase in appropriations for grants to the States and \$7.9 million an increase for administrative expenses.

Expenditures totaled \$742.4 million in the fiscal year 1947, compared with \$575.0 million in the preceding fiscal year. Grants certified to States for public assistance increased by \$174.7 million; for maternal and child health services, \$5.0 million; for services for crippled children, \$3.6 million; for child welfare services, \$2.0 million; and for unemployment insurance administration, \$1.6 million. While amounts expended in grants for the regular programs increased, the grants for the war emergency program for maternity and infant care were \$27.1 million less than in the previous year. Most of the increase in grants came from the 1946 amendments to the public assistance and child welfare and health provisions of the Social Security Act. The increase of \$7.6 million in administrative expenses was mainly to cover the larger work load in old-age and survivors insurance and the higher salary rates provided in the Federal Employees Pay Act of 1946. About \$32 million of the \$37.8 million expended for administrative costs was directly appropriated from the Federal old-age and survivors insurance trust fund or transferred from that fund to the Treasury.

During the latter part of the fiscal year 1947, Congress considered the 1948 appropriation estimates for the Social Security Administration. The rather severe reductions in estimates which were made by the House, some of which were partially canceled by the Senate, necessitated changes in the Administration's staffing and operating plans for the coming year. The Bureau of Employment Security, the Children's Bureau, and the bureaus and offices included in the central "Consolidated Operations" appropriation were faced with the prospect of having to operate in the fiscal year 1948 on budgets that would not be sufficient to maintain the existing staff, much less provide for any increase in staff to correspond to the increase in work load in 1948. Consequently, immediate staff reductions were made in the months of April, May, and June so that the bureaus and offices con-

cerned would start the new fiscal year with approximately the number of employees that could be maintained throughout the fiscal year. The action taken by Congress forced the curtailment or discontinuance of many desirable functions and services and will necessitate the shouldering of increased responsibilities by the remaining staff to ensure the fulfillment of the Administration's statutory obligations.

### *Personnel*

The Administration had 12,830 employees as of June 30, 1947; 6,176 were in departmental offices and 6,654 in regional, field, and area offices. On July 31, 1946, the month the Administration was established, the total was 11,686. The increase of 1,144 is a net figure resulting from an increase of 1,532 in the staff of the program bureaus and a decrease of 388 or 30 percent in the staff of the service bureaus. Additional staff in the program bureaus was needed to take care of the additional work under the legislation enacted in 1946, which brought about substantive changes in all the programs and expanded the relationships with the Railroad Retirement Board, and also to cope with the increase in volume of wage records and claims under old-age and survivors insurance.

During the fiscal year, 736 ex-servicemen and women claimed their reemployment rights and were restored. As of June 30, 1947, more than 400 employees were still on military furlough and about 2,000 former employees who transferred to other agencies or to private industry with reemployment rights had not yet exercised those rights. About three-fourths of all the men who were taken on the staff for the first time during the year were veterans.

The return of the ex-servicemen and women and of other former employees with reemployment rights, reductions in some parts of the organization because of decreased appropriations for the next fiscal year, and the gradual replacement of war service by permanent personnel caused substantial readjustments in staff during 1946-47. The resulting situation intensified the Administration's continued emphasis on economies and simplification of operating procedures. The objective in personnel management was to stabilize the staff as rapidly as possible and to find ways of stimulating individual performance and understanding of the tasks ahead.

## APPENDIX

*Regional and Field Organization as of June 30, 1947*

REGION I. Regional Director: John F. Hardy, Social Security Administration, 120 Boylston Street, Boston 16, Mass.

*Connecticut*: 9 field offices—Bridgeport, Hartford, Meriden, New Britain, New Haven, New London, Stamford, Torrington, Waterbury; 1 branch office—Willimantic.

*Maine*: 4 field offices—Augusta, Bangor, Lewiston, Portland.

*Massachusetts*: 21 field offices—Attleboro, Boston (2), Brockton, Cambridge, Chelsea, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Lowell, Lynn, Malden, New Bedford, Pittsfield, Quincy, Salem, Springfield, Waltham, Worcester; 1 branch office—Dorchester.

*New Hampshire*: 5 field offices—Concord, Littleton, Manchester, Nashua,<sup>1</sup> Portsmouth.

*Rhode Island*: 3 field offices—Pawtucket, Providence, Woonsocket; 1 branch office—Newport.

*Vermont*: 3 field offices—Burlington, Montpelier, Rutland.

*Itinerant service stations*—110.

REGION II-III. Regional Director: Peter Kasius, Social Security Administration, 11 West Forty-second Street, New York 18, N. Y.

*Delaware*: 1 field office—Wilmington.

*New Jersey*: 10 field offices—Atlantic City, Bridgeton, Camden, Elizabeth, Jersey City, Newark, Passaic, Paterson, Perth Amboy, Trenton.

*New York*: 37 field offices—Albany, Auburn, Binghamton, Brooklyn (4),<sup>2</sup> Buffalo, Elmira, Glens Falls, Gloversville, Jamaica, Jamestown, Kingston, Long Island City, Newburgh, New Rochelle, New York City (Bronx, 2; Manhattan, 4), Niagara Falls, Ogdensburg, Oswego,<sup>1</sup> Patchogue, Plattsburg,<sup>1</sup> Poughkeepsie, Rochester, Schenectady, Staten Island, Syracuse, Troy, Utica, Watertown, Yonkers.

*Pennsylvania*: 29 field offices—Allentown, Altoona, Ambridge, Braddock, Chester, Du Bois, Easton, Erie, Greensburg, Harrisburg, Hazleton, Johnstown, Lancaster, McKeesport, New Castle, New Kensington, Norristown, Oil City, Philadelphia (3), Pittsburgh, Pottsville, Reading, Scranton, Uniontown, Wilkes-Barre, Williamsport, York.

*Itinerant service stations*—199.

REGION IV. Regional Director: Lavinia Engle, Social Security Administration, DeMoll Building, 700 Twelfth Street NW., Washington 25, D. C.

*District of Columbia*: 1 field office—Washington.

*Maryland*: 4 field offices—Baltimore, Cumberland, Hagerstown, Salisbury.

*North Carolina*: 13 field offices—Asheville, Charlotte, Durham, Fayetteville, Gastonia, Greensboro, Hickory, High Point, Raleigh, Rocky Mount, Salisbury, Wilmington, Winston-Salem.

*Virginia*: 11 field offices—Alexandria, Bristol, Danville, Lynchburg, Newport News, Norfolk, Petersburg, Richmond, Roanoke, Staunton, Winchester.<sup>1</sup>

*West Virginia*: 9 field offices—Beckley, Bluefield, Charleston, Clarksburg, Huntington, Logan, Morgantown, Parkersburg, Wheeling.

*Itinerant service stations*—166.

REGION V. Regional Director: Mary E. Woods, Social Security Administration, Room 400, 1100 Chester Avenue, Cleveland 14, Ohio

*Kentucky*: 10 field offices—Ashland, Bowling Green, Corbin, Covington, Frankfort, Hazard, Lexington, Louisville, Owensboro, Paducah.

*Michigan*: 18 field offices—Battle Creek, Bay City, Dearborn, Detroit (3), Escanaba, Flint, Grand Rapids, Jackson, Kalamazoo, Lansing, Marquette, Muskegon, Pontiac, Port Huron, Saginaw, Traverse City.

<sup>1</sup> Opened during fiscal year 1946-47.

<sup>2</sup> One opened during fiscal year 1946-47.



**Ohio:** 21 field offices—Akron, Ashtabula, Canton, Cincinnati, Cleveland (3), Columbus, Dayton, Hamilton, Lima, Lorain, Mansfield, Marion, Portsmouth, Springfield, Steubenville, Toledo, Warren, Youngstown, Zanesville.

*Detached official stations—1; itinerant service stations—227.*

**REGION VI.** Regional Director: Robert W. Beasley, Social Security Administration, Room 2200, 188 West Randolph Street, Chicago 1, Ill.

**Illinois:** 26 field offices—Aurora, Bloomington, Champaign, Chicago (7),<sup>3</sup> Cicero, Danville, Decatur, East St. Louis, Evanston, Harrisburg, Harvey, Joliet, Mount Vernon, Oak Park, Peoria, Quincy, Rockford, Rock Island, Springfield, Waukegan; 1 branch office—Galesburg.

**Indiana:** 15 field offices—Anderson, Bloomington, Elkhart, Evansville, Fort Wayne, Gary, Hammond, Indianapolis, Kokomo, La Fayette, Muncie, New Albany, Richmond, South Bend, Terre Haute.

**Wisconsin:** 13 field offices—Eau Claire, Fond du Lac, Green Bay, Janesville, Kenosha,<sup>4</sup> La Crosse, Madison, Milwaukee, Oshkosh, Racine, Sheboygan, Superior, Wausau.

*Itinerant service stations—248.*

**REGION VII.** Regional Director: Richard H. Lyle, Social Security Administration, 441 West Peachtree Street, Atlanta 3, Ga.

**Alabama:** 8 field offices—Anniston, Birmingham, Decatur, Dothan, Gadsden, Mobile, Montgomery, Tuscaloosa.

**Florida:** 9 field offices—Gainesville, Jacksonville, Miami, Orlando, Pensacola, St. Petersburg, Tallahassee, Tampa, West Palm Beach.

**Georgia:** 10 field offices—Albany, Athens, Atlanta, Augusta, Columbus, La Grange, Macon, Rome, Savannah, Waycross.

**Mississippi:** 7 field offices—Columbus, Greenwood, Gulfport, Hattiesburg, Jackson, Meridian, Vicksburg.

**South Carolina:** 7 field offices—Charleston, Columbia, Florence, Greenville, Greenwood, Rock Hill, Spartanburg.

**Tennessee:** 8 field offices—Chattanooga, Columbia, Dyersburg, Jackson, Johnson City, Knoxville, Memphis, Nashville.

*Detached official stations—1; itinerant service stations—360.*

**REGION VIII.** Regional Director: Chester B. Lund, Social Security Administration, Midland Bank Building, Fourth Street and Second Avenue, Minneapolis 1, Minn.

**Iowa:** 9 field offices—Cedar Rapids, Davenport, Des Moines, Dubuque, Fort Dodge, Mason City, Ottumwa, Sioux City, Waterloo.

**Minnesota:** 8 field offices—Albert Lea, Bemidji, Duluth, Minneapolis, Redwood Falls, St. Cloud, St. Paul, Winona.

**Nebraska:** 5 field offices—Grand Island, Lincoln, North Platte, Omaha, Scottsbluff.

**North Dakota:** 4 field offices—Bismarck, Fargo, Grand Forks, Minot.

**South Dakota:** 4 field offices—Aberdeen, Huron, Rapid City, Sioux Falls.

*Itinerant service stations—135.*

**REGION IX.** Regional Director: Ed McDonald, Social Security Administration, Room 400, Fidelity Building, 911 Walnut Street, Kansas City 6, Mo.

**Arkansas:** 7 field offices—El Dorado, Fort Smith, Hot Springs, Jonesboro, Little Rock, Pine Bluff, Texarkana.

**Kansas:** 8 field offices—Dodge City, Hutchinson, Independence, Kansas City, Pittsburg, Salina, Topeka, Wichita.

**Missouri:** 11 field offices—Cape Girardeau, Clayton, Hannibal, Jefferson City, Joplin, Kansas City, St. Joseph, St. Louis (2), Sedalia,<sup>4</sup> Springfield.

**Oklahoma:** 7 field offices—Ardmore, Enid, Lawton, McAlester, Muskogee, Oklahoma City, Tulsa.

*Detached official stations—3; itinerant service stations—246.*

<sup>3</sup> Two opened during fiscal year 1946-47.

<sup>4</sup> Opened during fiscal year 1946-47.

**REGION X.** Regional Director: James B. Marley, Social Security Administration, North Presa and East Houston Streets, San Antonio 5, Tex.

*Louisiana:* 6 field offices—Alexandria, Baton Rouge, Lake Charles, Monroe, New Orleans, Shreveport.

*New Mexico:* 2 field offices—Albuquerque, Roswell; 1 branch office—Santa Fe.

*Texas:* 20 field offices—Ablene, Amarillo, Austin, Beaumont, Brownsville, Corpus Christi, Dallas, El Paso, Fort Worth, Galveston, Houston, Lubbock, Lufkin, Paris, Port Arthur,<sup>5</sup> San Angelo, San Antonio, Tyler, Waco, Wichita Falls.

*Itinerant service stations*—151.

**REGION XI.** Regional Director: Heber R. Harper, Social Security Administration, 321 Equitable Building, 730 Seventeenth Street, Denver 2, Colo.

*Colorado:* 6 field offices—Colorado Springs, Denver, Grand Junction, Greeley, Pueblo, Trinidad.<sup>5</sup>

*Idaho:* 4 field offices—Boise, Lewiston,<sup>6</sup> Pocatello, Twin Falls.

*Montana:* 5 field offices—Billings, Butte, Great Falls, Helena, Missoula.

*Utah:* 3 field offices—Ogden, Provo,<sup>5</sup> Salt Lake City.

*Wyoming:* 3 field offices—Casper, Cheyenne, Rock Springs.

*Detached official stations*—6; *itinerant service stations*—100.

**REGION XII.** Regional Director: Oscar M. Powell, Social Security Administration, Room 439, Federal Office Building, Civic Center, San Francisco 2, Calif.

*Arizona:* 3 field offices—Flagstaff, Phoenix, Tucson; 1 branch office—Prescott.

*California:* 22 field offices—Bakersfield, Eureka, Fresno, Glendale, Hollywood, Huntington Park, Inglewood,<sup>5</sup> Long Beach, Los Angeles, Oakland, Pasadena, Redding, Sacramento, San Bernardino, San Diego, San Francisco, San Jose, San Mateo, Santa Barbara, Santa Monica, Santa Rosa, Stockton.

*Nevada:* 2 field offices—Las Vegas, Reno.

*Oregon:* 5 field offices—Eugene, Klamath Falls, La Grande, Portland, Salem.

*Washington:* 7 field offices—Aberdeen,<sup>5</sup> Bellingham, Olympia, Seattle, Spokane, Tacoma, Yakima.

*Itinerant service stations*—108.

**REGION XIII.** Regional Director: Hugh J. Wade, Social Security Administration, Territorial Building, P. O. Box 1331, Juneau, Alaska.

**REGION XIV.** Regional Director: Harold S. Burr, Social Security Administration, 225 Dillingham Building, Honolulu 16, Hawaii.

*Hawaii:* 1 field office—Honolulu.

*Detached official stations*—2; *itinerant service stations*—2.

#### AREA OFFICES

Third Avenue and Twenty-third Street, North, Birmingham 3, Ala.; <sup>5</sup> 188 West Randolph Street, Chicago 1, Ill.; 2605 Walnut Street, Kansas City 8, Mo.; 260 East One Hundred and Sixty-first Street, New York 51, N. Y.; United States Customhouse, Philadelphia 6, Pa.; 22 Battery Street, San Francisco 11, Calif.

<sup>5</sup> Opened during fiscal year 1946-47.

<sup>6</sup> Under supervision of Region XII.

TABLE 1.—*Social Security Administration: Personnel, salaries, travel, and general expenses, by Bureau or Office, fiscal year 1946-47*

Bureau or Office	Personnel, June 30, 1947			Expenses, fiscal year 1946-47 (in thousands)			
	Total	Departmental	Field	Total	Salaries	Travel	General expenses
Total.....	12,830	6,176	6,654	\$37,816	\$32,750	\$1,066	\$4,000
Office of the Commissioner.....	289	278	11	1,479	1,306	30	143
Office of the Actuary.....	14	14	0	61	60	1	( <sup>2</sup> )
Office of Appeals Council.....	34	11	23	195	172	23	( <sup>2</sup> )
Regional Offices.....	292		292	1,235	950	17	268
Bureau of Old-Age and Survivors Insurance.....	11,156	5,146	6,010	30,576	26,774	575	3,227
Bureau of Employment Security.....	230	184	46	1,059	962	63	34
Bureau of Public Assistance.....	270	176	94	1,195	1,102	78	15
Children's Bureau.....	289	214	75	541	140	177	224
Bureau of Research and Statistics.....	52	52	0	284	267	2	15
Bureau of Accounts and Audits.....	184	86	98	907	819	85	3
Informational Service.....	20	15	5	284	198	15	71

<sup>1</sup> Includes amounts for the Office of the Actuary and the Office of Appeals Council.<sup>2</sup> Included in the amount for the Office of the Commissioner.TABLE 2.—*Social Security Administration: Appropriations and expenditures, fiscal years 1945-46 and 1946-47*<sup>1</sup>

[In thousands; data as of June 30, 1947]

Item	Appropriations <sup>2</sup>		Expenditures <sup>3</sup>	
	1946-47	1945-46	1946-47	1945-46
Total.....	\$754,207	\$575,857	\$742,400	\$575,013
Grants to States.....	715,874	545,424	704,584	544,832
Unemployment insurance administration.....	<sup>4</sup> 58,109	<sup>4</sup> 57,042	<sup>5</sup> 58,004	<sup>5</sup> 56,450
Old-age assistance.....	<sup>6</sup> 619,101	<sup>6</sup> 439,132	491,091	368,524
Aid to dependent children.....			108,429	60,126
Aid to the blind.....			14,312	10,482
Maternal and child health services.....	<sup>7</sup> 11,000	5,820	10,827	5,820
Services for crippled children.....	<sup>7</sup> 7,500	3,870	7,478	3,870
Child welfare services.....	<sup>7</sup> 3,500	1,510	3,490	1,510
Emergency maternity and infant care.....	16,664	38,050	10,953	38,050
Administrative expenses.....	38,333	30,433	37,816	30,181
Salaries.....	33,207	26,092	32,750	26,010
Travel.....	899	338	1,066	763
General expenses.....	4,227	3,503	4,000	3,408

<sup>1</sup> In order to permit comparison of 1946-47 data for the Social Security Administration with data for comparable functions in the preceding year, 1945-46 figures include the Children's Bureau.<sup>2</sup> Includes regular and deficiency appropriations and transfer appropriation warrants; intra-agency allotments and transfers for administrative expenses; transfers from the old-age and survivors insurance trust fund; and recoveries from public assistance recipients or their estates (see footnote 6). Excludes transfers from the Department of Labor (see footnote 4).<sup>3</sup> Obligations against funds available for fiscal year for grants to States and expenditures for administration, including amounts for administering title II of the Social Security Act transferred from the old-age and survivors insurance trust fund to the general fund of the Treasury from the trust fund.<sup>4</sup> Excludes \$881,004 for 1946-47 and \$1,078,965 for 1945-46 transferred from the Labor Department to reimburse States for facilities and services furnished to the U. S. Employment Service in excess of the amount of facilities and services furnished by the USES to the State agencies.<sup>5</sup> Excludes expenditures from transfers described in footnote 4.<sup>6</sup> Includes recoveries of \$100,501 in 1946-47 and \$87,435 in 1945-46.<sup>7</sup> Maximum grants authorized by the Social Security Act Amendments of 1946; actual appropriations were \$12,705,000, \$8,467,500, and \$4,127,500.



TABLE 3.—*Financing social insurance under the Social Security Act: Contributions collected and trust fund operations, fiscal years 1945-47*

[In millions]

Item	1946-47	1945-46	1944-45
Contributions collected under:			
Federal Insurance Contributions Act <sup>1</sup> .....	\$1, 459	\$1, 238	\$1, 316
Federal Unemployment Tax Act <sup>2</sup> .....	185	180	185
State unemployment insurance laws <sup>3</sup> <sup>4</sup> .....	1, 002	1, 009	1, 252
Old-age and survivors insurance trust fund:			
Receipts, total.....	1, 623	1, 386	1, 434
Appropriations <sup>5</sup> .....	1, 459	1, 238	1, 310
Interest.....	163	148	124
Expenditures, total.....	466	358	267
Monthly benefits and lump-sum payments <sup>6</sup> .....	426	321	240
Administration <sup>7</sup> .....	41	37	27
Assets, end of year.....	8, 798	7, 641	6, 613
State accounts in the unemployment trust fund:			
Receipts, total.....	1, 137	1, 140	1, 369
Deposits <sup>4</sup> .....	1, 005	1, 010	1, 256
Interest.....	131	130	113
Withdrawals for benefit payments.....	818	1, 129	70
Assets, end of year.....	7, 010	6, 691	6, 679

<sup>1</sup> 1-percent tax paid by employers and by employees on wages up to and including \$3,000 a year.<sup>2</sup> Tax paid only by employers of 8 or more. Employers offset against this tax—up to 90 percent of the amount assessed—contributions which they have paid under State unemployment insurance laws or full amount they would have paid if they had not been allowed reduced contribution rates under State experience-rating provisions. Rate is 3 percent of first \$3,000 a year of wages paid to each employee by subject employer; because of credit offset, effective rate is 0.3 percent of such wages.<sup>3</sup> Contributions plus penalties and interest collected from employers and contributions from employees, reported by State agencies; corrected to July 1947.<sup>4</sup> Contributions and deposits by States differ slightly, primarily because of time lag in making deposits.<sup>5</sup> Equal to amounts collected under the Federal Insurance Contributions Act.<sup>6</sup> Checks-paid basis.<sup>7</sup> Figures do not reflect actual expenses in the respective years because of bookkeeping adjustments.Source: Compiled from *Daily Statement of the U. S. Treasury* and State agency reports.TABLE 4.—*Old-age and survivors insurance: Number of families and beneficiaries in receipt of benefits and average monthly benefit in current-payment status, by family group, end of June, 1947 and 1946*

[In thousands, except for average benefit; based on 20-percent sample; data corrected to Sept. 4, 1947]

Family classification of beneficiaries <sup>1</sup>	June 30, 1947			June 30, 1946		
	Number of families	Number of beneficiaries	Average monthly amount per family	Number of families	Number of beneficiaries	Average monthly amount per family
Total.....	1, 228. 7	1, 832. 3	-----	990. 2	1, 502. 1	-----
Retired-worker families.....	797. 9	1, 063. 6	-----	632. 0	841. 3	-----
Worker only.....	537. 8	537. 8	\$24. 10	426. 8	426. 8	\$23. 80
Male.....	434. 4	434. 4	25. 10	342. 1	342. 1	24. 80
Female.....	103. 4	103. 4	19. 70	84. 7	84. 7	19. 60
Worker and wife.....	245. 3	490. 6	39. 20	193. 1	386. 2	38. 80
Worker and 1 child.....	9. 6	19. 2	37. 40	8. 2	16. 4	37. 00
Worker and 2 or more children.....	5. 1	15. 6	47. 90	3. 8	11. 5	47. 00
Worker, wife, and 1 or more children.....	. 1	. 4	( <sup>2</sup> )	. 1	. 4	( <sup>2</sup> )
Survivor families.....	430. 8	768. 7	-----	353. 2	660. 8	-----
Aged widow only.....	146. 1	146. 1	20. 30	110. 2	110. 2	20. 20
Widowed mother only <sup>3</sup> .....	4. 0	4. 0	20. 00	4. 9	4. 9	19. 70
Widowed mother and 1 child.....	68. 7	137. 4	35. 00	65. 8	131. 6	34. 30
Widowed mother and 2 children.....	39. 3	118. 0	48. 70	37. 2	111. 6	48. 00
Widowed mother and 3 or more children.....	22. 7	92. 4	51. 80	20. 8	84. 6	50. 90
1 child only.....	75. 0	75. 0	13. 10	59. 4	59. 4	13. 00
2 children.....	33. 5	66. 9	25. 40	26. 5	53. 0	24. 80
3 children.....	13. 7	41. 1	35. 80	11. 2	33. 6	35. 00
4 or more children.....	19. 5	78. 8	47. 00	16. 0	65. 2	46. 60
1 aged parent.....	7. 6	7. 6	13. 30	5. 7	5. 7	13. 20
2 aged parents.....	. 7	1. 5	26. 00	. 5	1. 0	25. 20

<sup>1</sup> As defined by beneficiaries in current-payment status.<sup>2</sup> No average shown because too few cases in sample.<sup>3</sup> Benefits of child or children were being withheld.

TABLE 5.—*Old-age and survivors insurance: Selected data on benefits and wage credits, by State, for specified periods, 1945-47*

[In thousands, except for average wage credits; data corrected to Sept. 4, 1947]

State <sup>1</sup>	Monthly benefits in current-payment status, end of fiscal year		Payments certified, fiscal year			Workers with wage credits, calendar year <sup>4</sup>	Amount of wage credits, calendar year <sup>5</sup>		Employee accounts established, fiscal year	Employers reporting taxable wages, July-September <sup>6</sup>
	Number	Amount	Total <sup>2</sup>	Monthly benefits	Lump-sum payments <sup>3</sup>		Total	Average per worker		
1944-45 <sup>7</sup>	1,106.0	\$20,163	\$250,638	\$224,751	\$25,863	46,296	\$63,363,000	\$1,369	3,979	2,038
1945-46 <sup>7</sup>	1,502.1	28,211	337,061	311,017	26,029	46,392	62,000,000	1,336	2,953	2,176
1946-47 <sup>7</sup>	1,832.3	35,071	434,767	406,252	28,501	49,500	67,800,000	1,370	2,898	2,440
Ala.	27.1	407	5,234	4,912	322	753	693,772	921	63	29
Alaska	.7	13	119	104	15	54	52,689	976	2	2
Ariz.	6.2	110	1,321	1,239	82	201	179,725	894	14	9
Ark.	13.0	189	2,253	2,121	132	390	239,258	613	36	20
Calif.	131.9	2,710	31,592	29,481	2,111	4,177	5,143,676	1,231	187	177
Colo.	13.4	252	2,934	2,727	207	400	342,934	857	28	24
Conn.	36.2	782	9,761	9,144	617	880	1,886,289	1,575	36	38
Del.	4.7	96	1,205	1,135	70	147	201,852	1,373	5	6
D. C.	7.2	138	1,890	1,752	138	348	345,442	993	21	16
Fla.	31.0	570	7,222	6,863	359	819	649,441	793	53	44
Ga.	26.3	383	4,817	4,468	349	891	736,821	827	72	37
Hawaii	4.6	79	897	856	41	125	152,717	1,222	15	7
Idaho	4.8	84	946	883	63	147	122,586	834	12	10
Ill.	115.0	2,319	30,547	28,176	2,371	3,700	4,869,385	1,316	160	174
Ind.	51.7	975	11,957	11,258	699	1,471	1,725,753	1,173	73	60
Iowa	23.5	412	5,034	4,723	311	622	563,612	906	51	47
Kans.	17.6	305	3,957	3,755	202	518	491,316	948	32	34
Ky.	29.1	467	5,804	5,480	324	688	646,560	940	55	30
La.	20.6	329	4,063	3,770	293	714	667,106	934	50	26
Maine	16.8	307	3,598	3,409	189	328	316,361	965	22	18
Md.	26.6	501	6,102	5,638	464	816	947,569	1,161	38	31
Mass.	90.1	1,861	21,796	20,429	1,367	1,954	2,426,011	1,242	76	85
Mich.	81.9	1,641	20,748	19,304	1,444	2,381	3,723,330	1,564	122	102
Minn.	27.9	538	6,689	6,248	441	811	900,549	1,110	61	50
Miss.	10.7	145	1,688	1,562	126	363	240,139	662	47	19
Mo.	44.1	825	10,270	9,529	741	1,391	1,456,898	1,047	72	69
Mont.	5.8	111	1,332	1,229	103	141	142,352	1,010	11	12
Nebr.	9.7	169	1,970	1,833	137	315	295,246	937	25	24
Nev.	1.5	29	370	334	36	65	53,414	822	3	4
N. H.	10.0	187	2,189	2,060	129	199	195,886	984	13	11
N. J.	77.1	1,637	20,413	19,085	1,328	1,921	2,693,122	1,402	80	94
N. Mex.	3.5	54	628	587	41	134	88,244	659	13	9
N. Y.	218.6	4,440	57,648	53,818	3,830	6,767	9,393,879	1,388	347	350
N. C.	30.6	445	5,612	5,238	374	992	816,145	823	82	36
N. Dak.	2.4	40	482	447	35	91	62,420	686	14	9
Ohio	120.3	2,418	29,457	27,453	2,004	3,140	4,233,221	1,348	136	127
Okl.	16.9	286	3,337	3,131	206	597	557,675	934	40	32
Oreg.	23.6	464	5,104	4,792	312	574	628,477	1,095	25	27
Pa.	181.5	3,619	45,881	43,289	2,592	3,959	5,465,150	1,380	181	156
R. I.	15.9	321	4,240	4,004	236	325	426,462	1,312	13	15
S. C.	16.0	220	2,777	2,543	234	499	384,017	770	44	20
S. Dak.	3.2	55	676	621	55	107	73,462	687	12	10
Tenn.	25.4	386	4,908	4,568	340	956	823,322	861	65	36
Tex.	52.6	857	10,390	9,558	832	2,142	2,101,012	981	161	116
Utah	6.7	120	1,434	1,351	83	187	188,469	1,008	14	9
Vt.	5.5	101	1,154	1,104	50	113	108,233	958	8	7
Va.	30.0	495	6,002	5,590	403	823	779,938	948	63	40
Wash.	35.8	740	8,218	7,724	494	962	1,131,163	1,176	37	40
W. Va.	28.6	496	6,087	5,800	287	601	654,369	1,089	39	25
Wis.	40.9	796	10,147	9,516	631	1,129	1,407,473	1,247	63	62
Wyo.	2.2	41	475	439	36	87	75,058	863	6	5
Foreign	5.4	109	1,378	1,164	214					

<sup>1</sup> State distribution estimated, except for monthly benefits in current-payment status and for employee accounts established.<sup>2</sup> United States totals include lump-sum payments under the 1935 act, not distributed by State, amounting to \$24,000 in 1944-45, \$15,000 in 1945-46, and \$13,000 in 1946-47.<sup>3</sup> Under the 1939 and 1946 amendments. For lump-sum payments under the 1935 act, see footnote 2.<sup>4</sup> United States totals represent number of different workers employed in covered industries at some time during 1944, 1945, and 1946, respectively. State data represent workers employed in the State at some time during 1945; workers employed in more than 1 State counted once in each of the States in which employed.<sup>5</sup> United States totals are for 1944, 1945, and 1946, respectively. State data represent 1945 wage credits, distributed according to the State where wages were paid.<sup>6</sup> Employer returns for July-September 1944, 1945, and 1946, respectively. A return may relate to more than 1 establishment if the employer operates several establishments but reports for the concern as a whole.<sup>7</sup> See column heads for period to which data relate.

TABLE 6.—*Old-age and survivors insurance: Benefits in current-payment status, payments certified, and workers with wage credits, for specified periods, 1945-47*

[Corrected to Sept. 4, 1947]

Item	Fiscal year		
	1946-47	1945-46	1944-45
<b>Benefits in current-payment status (end of period):</b>			
Number.....	1,832,285	1,502,085	1,106,002
Primary.....	797,927	632,038	430,723
Wife's.....	245,364	193,241	132,155
Child's.....	499,246	431,202	348,413
Widow's.....	146,124	110,168	81,500
Widow's current.....	134,673	128,688	107,597
Parent's.....	8,951	6,748	5,614
Total monthly amount.....	\$35,071,472	\$28,210,828	\$20,162,831
Primary.....	19,722,150	15,443,266	10,310,626
Wife's.....	3,206,007	2,496,588	1,680,602
Child's.....	6,328,004	5,391,169	4,324,073
Widow's.....	2,965,620	2,225,871	1,642,415
Widow's current.....	2,730,446	2,565,790	2,131,699
Parent's.....	119,245	88,144	73,416
Average monthly amount:			
Primary.....	\$24.72	\$24.43	\$23.94
Wife's.....	13.07	12.92	12.72
Child's.....	12.68	12.50	12.41
Widow's.....	20.30	20.20	20.15
Widow's current.....	20.27	19.94	19.81
Parent's.....	13.32	13.06	13.08
<b>Payments certified during period:</b>			
Monthly benefits.....	\$406,252,133	\$311,017,291	\$224,751,610
Primary.....	225,415,715	164,245,802	114,587,797
Supplementary.....	39,418,948	28,750,454	20,218,139
Survivor.....	141,417,470	118,021,035	89,945,674
Lump-sum payments.....	28,514,686	26,043,831	25,886,565
1939 and 1946 amendments.....	28,501,374	26,028,847	25,862,633
1935 act.....	13,312	14,984	23,932
<b>Estimated number of living workers with wage credits (mid-point of period—Jan. 1):<sup>1</sup></b>			
Total.....	75,500,000	73,200,000	70,200,000
Fully insured.....	34,700,000	33,300,000	31,900,000
Currently but not fully insured.....	6,700,000	7,000,000	6,800,000
Uninsured.....	34,100,000	32,900,000	31,500,000

<sup>1</sup> Not adjusted to reflect changes in insured status arising from (1) combined earnings under coordinated survivor provisions of old-age and survivors insurance programs, and (2) veterans deemed to be fully insured only under sec. 210 of title II of the Social Security Act, as amended in 1946.

TABLE 7.—*Unemployment insurance: Selected data on benefits, claims, employment, and finance, by State, for specified periods, 1945-47*

[Corrected to Aug. 15, 1947]

State	Beneficiaries, <sup>1</sup> fiscal year	Benefit payments, fiscal year			Weeks com- pens- ed, fiscal year (in thous- ands)	Initial claims, <sup>4</sup> fiscal year (in thous- ands)	Work- ers with wage credits, <sup>5</sup> cal- endar year (in thous- ands)	Em- ploy- ers sub- ject to State law, end of fiscal year (in thous- ands)	Funds avail- able for be- nefits, end of fiscal year <sup>6</sup> (in mil- lions)	Federal grants for ad- minis- tration, <sup>7</sup> fiscal year (in thous- ands)
		Total amount <sup>2</sup> (in thou- sands)	Aver- age weekly benefit for total unem- ploy- ment	Ratio of bene- fits <sup>3</sup> to col- lections <sup>3</sup> (per- cent)						
1944-45 <sup>8</sup> .....	594,363	\$71,209	\$16.70	5.7	4,447	1,688	43,000	903	\$6,685	\$29,785
1945-46 <sup>8</sup> .....	5,310,552	1,091,062	18.74	108.2	58,960	10,840	43,000	1,139	6,733	56,059
1946-47 <sup>8</sup> .....	4,059,624	833,718	18.05	83.2	46,907	9,559	45,800	1,269	7,031	56,606
Ala.....	47,473	8,853	15.27	130.0	587	102	681	8	56	709
Alaska.....	2,296	450	20.32	29.6	22	2	43	2	10	111
Ariz.....	7,534	892	14.04	25.7	64	28	213	6	23	257
Ark.....	35,763	3,821	12.83	71.3	300	67	395	24	33	506

See footnotes at end of table.



TABLE 7.—Unemployment insurance: Selected data on benefits, claims, employment, and finance, by State, for specified periods, 1945-47—Continued

State	Beneficiaries, <sup>1</sup> fiscal year	Benefit payments, fiscal year			Weeks com- pensat- ed, fiscal year (in thous- ands)	Initial claims, <sup>4</sup> fiscal year (in thous- ands)	Work- ers with wage credits, <sup>5</sup> cal- endar year (in thous- ands)	Em- ploy- ers sub- ject to State law, end of fiscal year (in thous- ands)	Funds avail- able for ben- efits, end of fiscal year <sup>6</sup> (in mil- lions)	Federa grants for ad- minis- tra- tion, <sup>7</sup> fiscal year (in thous- ands)
		Total amount <sup>2</sup> (in thou- sands)	Aver- age weekly benefit for total unem- ploy- ment	Ratio of bene- fits <sup>2</sup> to col- lections <sup>3</sup> (per- cent)						
Calif.....	523,059	\$130,813	\$18.79	112.2	7,043	1,184	4,224	218	\$709	\$6,878
Colo.....	8,287	1,091	13.98	19.3	79	23	360	5	43	206
Conn.....	56,665	11,545	20.42	39.1	576	119	900	16	194	923
Del.....	7,065	1,166	15.27	94.4	80	18	160	6	14	136
D. C.....	12,861	2,401	16.68	110.6	144	18	369	(12)	45	363
Fla.....	40,454	5,209	13.65	41.3	389	104	782	11	70	459
Ga.....	35,182	4,946	13.41	37.6	373	92	872	11	91	657
Hawaii.....	2,508	344	20.05	19.9	21	4	140	8	21	115
Idaho.....	5,484	843	15.14	24.6	56	15	199	12	19	233
Ill.....	280,290	55,886	18.38	129.8	3,123	571	3,550	48	487	3,594
Ind.....	45,307	8,551	17.44	61.0	506	183	1,295	14	183	983
Iowa.....	20,827	2,878	14.88	122.0	198	45	525	9	72	354
Kans.....	26,262	4,576	14.64	70.7	321	55	407	7	54	498
Ky.....	32,103	4,825	11.28	41.8	432	87	537	11	98	471
La.....	36,575	7,445	14.66	71.1	524	107	717	15	83	853
Maine.....	13 34,610	4,955	13 14.35	77.2	13 351	60	270	4	39	286
Md.....	73,342	13,781	18.41	109.8	779	125	870	35	118	906
Mass.....	231,174	48,925	21.71	174.2	2,323	428	2,130	83	186	2,619
Mich.....	258,313	43,851	19.80	100.5	2,211	563	2,254	22	222	3,166
Minn.....	28,761	5,356	15.44	34.0	355	62	803	27	107	666
Miss.....	14,745	1,727	12.22	23.5	145	39	346	5	35	336
Mo.....	97,133	18,476	16.66	100.8	1,130	287	1,201	14	160	1,001
Mont.....	6,358	930	13.53	22.3	69	16	181	11	24	209
Nebr.....	9,953	1,568	15.43	49.7	104	22	278	5	29	175
Nev.....	3,664	728	18.20	42.2	40	11	99	4	12	119
N. H.....	16,578	1,656	15.07	45.5	114	35	200	5	26	200
N. J.....	221,309	56,148	19.76	71.3	2,899	447	1,881	36	450	2,774
N. Mex.....	2,785	344	13.21	12.7	26	9	176	8	14	157
N. Y.....	758,061	180,884	19.07	98.0	9,563	2,337	6,000	158	1,006	7,851
N. C.....	45,385	4,942	11.58	29.6	434	107	1,000	13	129	803
N. Dak.....	1,624	297	17.09	30.2	18	5	77	2	6	92
Ohio.....	91,690	23,506	17.70	39.4	1,346	231	3,208	65	514	2,472
Okla.....	35,188	7,219	16.29	133.5	460	80	504	8	41	515
Oreg.....	46,468	7,960	16.00	66.3	507	120	530	15	72	757
Pa.....	401,285	68,385	17.50	92.4	3,982	843	4,240	168	601	5,162
R. I.....	43,798	7,335	17.04	52.8	449	83	347	8	81	349
S. C.....	15,478	2,107	13.79	35.1	155	43	491	5	46	350
S. Dak.....	2,299	206	13.64	26.2	16	5	85	2	8	68
Tenn.....	63,196	10,235	12.78	66.0	808	119	769	9	96	747
Tex.....	61,782	9,049	14.38	50.5	642	151	2,025	25	166	1,551
Utah.....	11,341	2,791	22.90	46.2	124	24	205	11	31	288
Vt.....	5,614	804	16.75	37.5	49	12	106	2	15	145
Va.....	41,230	4,954	12.81	48.3	389	69	960	10	75	473
Wash.....	128,645	36,319	20.20	120.1	1,817	220	858	47	135	1,449
W. Va.....	48,667	7,595	15.43	74.0	505	111	559	6	74	577
Wis.....	31,169	3,800	16.72	36.5	236	66	1,056	18	198	601
Wyo.....	2,184	349	18.71	26.7	19	5	103	5	10	130

<sup>1</sup> Based on number of first payments.<sup>2</sup> Adjusted for voided benefit checks.<sup>3</sup> Contributions, penalties, and interest from employers, and contributions from employees. Adjusted for refunds of contributions and for dishonored contribution checks.<sup>4</sup> New claims, plus claims filed at beginning of an additional spell of unemployment during a previously established benefit year.<sup>5</sup> Estimated number of different workers in each State with wages in covered employment in that State some time in 1946; national totals for each of calendar years 1944 through 1946, adjusted for duplication resulting from employment of individual workers in more than 1 State during the same year.<sup>6</sup> Sum of balances in State clearing accounts, benefit-payment accounts, and unemployment trust fund accounts maintained in the U. S. Treasury.<sup>7</sup> Advances for unemployment insurance administration certified to State agencies during fiscal year, including amounts reimbursed to War Manpower Commission and Department of Labor for services and facilities provided to State agencies by the U. S. Employment Service until the return of the employment service to the States on Nov. 15, 1946. Excludes amounts for services and facilities furnished to the USES by State agencies, as well as unencumbered balances reallocated to State agencies. Totals include, but State figures exclude, expenses for postage.<sup>8</sup> See column heads for period to which data relate.<sup>9</sup> Preliminary estimate.<sup>10</sup> Excludes the District of Columbia; data not available.<sup>11</sup> Expenses for postage partly estimated.<sup>12</sup> Data not available.<sup>13</sup> Includes estimates for June 1947; data not available.

TABLE 8.—Unemployment insurance: State accounts in the Federal unemployment trust fund, by State, fiscal year 1946-47<sup>1</sup>

[In thousands]

State	Deposits	Interest	Withdrawals	Balance, end of year
Total	\$1,004,522	\$131,513	<sup>2</sup> \$811,493	\$7,001,033
Alabama	6,944	1,081	8,600	56,249
Alaska	1,417	174	450	9,599
Arizona	3,464	421	850	23,330
Arkansas	5,281	616	3,695	33,150
California	116,503	13,626	<sup>2</sup> 126,500	706,404
Colorado	5,656	777	1,085	43,136
Connecticut	29,547	3,510	11,200	193,392
Delaware	1,232	264	1,170	13,816
District of Columbia	2,145	854	2,510	44,577
Florida	12,613	1,246	4,995	69,412
Georgia	13,185	1,669	4,700	91,143
Hawaii	1,730	386	415	20,944
Idaho	3,436	344	730	19,257
Illinois	43,034	9,301	54,000	435,077
Indiana	16,006	3,409	8,000	182,332
Iowa	8,357	1,300	2,850	71,370
Kansas	6,440	997	4,310	53,270
Kentucky	11,495	1,791	<sup>2</sup> 4,721	97,659
Louisiana	10,473	1,536	6,875	82,772
Maine	6,414	734	5,005	38,846
Maryland	13,155	2,223	14,500	116,365
Massachusetts	28,100	3,756	50,000	183,726
Michigan	43,605	4,051	32,700	220,494
Minnesota	15,775	1,914	4,770	105,933
Mississippi	7,340	620	1,680	35,168
Missouri	18,315	3,047	18,500	159,069
Montana	4,215	429	957	23,920
Nebraska	3,133	533	1,470	28,901
Nevada	1,723	224	705	12,158
New Hampshire	3,633	486	1,637	26,095
New Jersey	78,746	8,390	55,475	449,937
New Mexico	2,715	247	335	14,069
New York	184,609	18,941	179,500	1,003,266
North Carolina	16,685	2,347	5,075	128,257
North Dakota	983	113	350	6,224
Ohio	59,625	9,432	29,625	513,529
Oklahoma	5,405	771	6,500	39,765
Oregon	12,002	1,334	7,900	71,667
Pennsylvania	73,610	11,260	66,000	596,705
Rhode Island	13,870	1,475	7,125	80,397
South Carolina	6,204	839	2,350	45,865
South Dakota	776	138	172	7,549
Tennessee	15,496	1,781	10,200	95,550
Texas	18,717	3,070	9,875	165,407
Utah	6,050	550	2,635	30,459
Vermont	2,149	269	650	14,718
Virginia	10,235	1,359	4,975	74,274
Washington	30,175	2,637	37,300	134,538
West Virginia	10,379	1,365	7,720	73,442
Wisconsin	10,422	3,695	3,775	198,051
Wyoming	1,303	180	375	9,802

<sup>1</sup> Trust fund maintains a separate account for each State agency, in which are held all moneys deposited from State unemployment funds and from which State agencies withdraw amounts as required for benefit payments. Deposits include those not cleared by the Treasurer of the United States; interest includes accrued interest receivable; withdrawals include outstanding checks; these items excluded from table 3.

<sup>2</sup> Includes withdrawals from the Kentucky account for administrative expenses of the State unemployment insurance program; equivalent amounts, recorded as grants to the State for unemployment insurance administration, were paid by the Social Security Administration for the State to the railroad unemployment account in accordance with section 13 of the Railroad Unemployment Insurance Act. It also includes withdrawals by California of \$200,000 for disability insurance benefits.

Source: Compiled from data furnished by the Treasury Department, Bureau of Accounts.

TABLE 9.—*Special types of public assistance under plans approved by the Social Security Administration: Number of recipients and average payment, June 1947, and total payments to recipients, fiscal year 1946-47, by program and State*

[Corrected to Sept. 15, 1947]

State	Old-age assistance			Aid to dependent children				Aid to the blind		
	Number of recipients, June	Payments to recipients		Number of recipients, June		Payments to recipients		Number of recipients, June	Payments to recipients	
		Average payment, June	Total, fiscal year (in thousands)	Families	Children	Average payment per family, June	Total, fiscal year (in thousands)		Average payment, June	Total, fiscal year (in thousands)
1944-45-----	2,038,395	\$29.46	\$701,951	255,578	646,582	\$47.46	\$138,084	55,465	\$30.27	\$19,802
1945-46-----	2,108,216	31.48	761,587	311,250	799,325	53.71	172,800	57,616	32.89	21,409
1946-47-----	2,271,007	36.04	910,329	396,098	1,009,360	61.68	254,367	62,085	37.87	25,810
Ala.....	52,299	17.54	9,810	8,106	22,740	31.48	2,740	1,004	20.00	219
Alaska.....	1,357	39.79	696	229	559	31.31	99	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Ariz.....	10,654	47.58	5,677	2,391	6,876	46.76	1,219	622	57.29	394
Ark.....	40,098	18.25	7,328	6,915	18,278	36.12	2,267	1,473	21.27	335
Calif.....	172,463	52.61	102,692	11,052	26,830	101.47	10,465	6,440	62.84	4,436
Colo.....	42,608	65.11	23,914	4,081	11,225	68.59	3,136	396	45.48	491
Conn.....	14,991	43.87	7,212	2,809	7,188	93.06	2,961	143	40.34	62
Del.....	1,201	22.66	292	248	669	67.74	244	116	28.48	30
D. C.....	2,334	40.07	1,057	1,392	4,131	74.26	964	214	42.21	103
Fla.....	52,670	36.59	20,575	10,767	26,838	35.34	3,410	2,654	38.01	1,094
Ga.....	76,741	17.04	13,688	6,501	16,719	35.30	2,245	2,205	20.42	480
Hawaii.....	1,700	35.38	571	963	2,916	93.06	799	67	40.66	26
Idaho.....	10,520	41.71	4,986	1,754	4,519	78.45	1,493	215	46.68	111
Ill.....	126,495	39.57	57,236	22,662	56,246	78.63	21,133	4,855	41.20	2,239
Ind.....	50,588	30.33	18,586	7,622	18,764	42.49	3,383	1,909	32.31	712
Iowa.....	48,295	39.72	21,084	4,277	10,940	34.67	1,665	1,223	46.74	625
Kans.....	33,890	34.74	12,911	4,779	12,118	70.70	3,359	1,126	39.91	502
Ky.....	47,285	17.38	8,613	9,152	23,507	35.06	3,306	1,705	18.40	329
La.....	49,310	24.28	12,551	11,897	30,797	45.58	5,560	1,513	29.84	494
Maine.....	15,158	34.21	5,967	1,888	5,415	89.87	1,798	731	34.31	303
Md.....	11,819	30.88	4,266	4,839	13,903	48.28	2,418	467	34.05	187
Mass.....	84,767	50.60	49,297	9,250	22,944	95.58	9,548	1,187	51.46	664
Mich.....	93,539	35.94	38,546	20,060	47,789	77.83	16,596	1,425	40.36	636
Minn.....	53,970	37.07	23,341	5,922	15,107	55.84	3,640	981	44.52	485
Miss.....	39,296	17.32	7,133	5,518	14,615	26.43	1,404	2,093	23.87	527
Mo.....	113,897	35.05	43,646	19,979	52,169	33.46	7,233	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Mont.....	10,663	37.80	4,585	1,700	4,492	67.22	1,141	393	40.25	173
Nebr.....	25,241	40.27	11,018	3,144	7,436	81.23	2,669	458	40.51	202
Nev.....	2,011	47.47	1,035	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
N. H.....	6,754	36.70	2,727	1,102	2,804	78.45	923	289	39.70	124
N. J.....	23,094	40.76	10,384	4,115	10,629	78.49	3,235	589	42.60	276
N. Mex.....	8,025	35.85	3,074	3,659	9,583	48.54	1,740	296	39.14	119
N. Y.....	107,934	46.99	56,742	40,125	93,539	98.02	39,462	3,384	52.28	1,931
N. C.....	38,607	18.05	6,918	7,684	21,918	35.44	2,699	2,835	25.95	756
N. Dak.....	8,925	39.45	4,001	1,663	4,561	74.90	1,303	127	37.72	54
Ohio.....	121,602	39.56	52,296	9,352	25,654	66.05	6,731	3,223	36.02	1,251
Okla.....	95,349	42.33	44,248	27,834	67,211	44.98	12,368	2,444	42.91	1,109
Oreg.....	22,216	41.87	11,260	2,342	5,958	89.74	2,049	384	49.61	234
Pa.....	90,031	33.96	35,607	38,955	99,802	72.12	30,757	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
R. I.....	8,366	39.66	3,573	2,411	6,045	77.47	1,799	137	41.25	57
S. C.....	29,588	20.23	6,200	5,529	15,366	27.60	1,517	1,192	23.98	305
S. Dak.....	12,574	32.42	4,698	1,880	4,642	46.03	992	212	30.04	72
Tenn.....	47,057	18.38	9,410	13,425	36,024	35.09	5,065	1,716	22.93	438
Tex.....	193,891	28.92	60,821	14,073	35,452	41.73	4,492	5,291	31.52	1,808
Utah.....	12,616	42.22	6,654	2,439	6,550	92.03	2,543	147	48.17	83
Vt.....	5,426	30.81	1,855	685	1,888	46.34	333	179	36.88	70
Va.....	15,850	17.63	3,026	4,604	13,118	39.46	1,772	1,115	22.72	269
Wash.....	65,643	53.02	43,133	7,317	17,647	104.63	7,834	642	61.00	479
W. Va.....	20,696	15.08	4,177	9,584	26,272	28.90	3,562	876	18.06	208
Wis.....	47,137	36.00	18,142	7,156	17,911	79.83	6,035	1,293	36.55	539
Wyo.....	3,766	48.72	2,071	367	1,056	86.37	361	99	52.28	65

<sup>1</sup> Alaska does not administer aid to the blind.<sup>2</sup> No approved plan in operation.



TABLE 10.—*Special types of public assistance under plans approved by the Social Security Administration: Federal grants certified and total expenditures and percent from Federal funds, by program and State, fiscal year 1946-47*

[Amounts in thousands; data corrected to Sept. 15, 1947]

State	Federal grants certified <sup>1</sup>				Expenditures for assistance and administration					
	Total	Old-age assistance	Aid to dependent children	Aid to the blind	Old-age assistance		Aid to dependent children		Aid to the blind	
					Amount	Percent from Federal funds	Amount	Percent from Federal funds	Amount	Percent from Federal funds
1944-45	\$409,985	\$345,738	\$53,892	\$10,355	\$743,984	47.3	\$151,398	36.4	\$21,729	47.4
1945-46	439,132	368,524	60,126	10,482	806,472	46.2	188,707	33.3	23,534	45.6
1946-47	613,831	491,091	108,429	14,312	960,356	51.6	275,655	38.6	28,206	49.9
Ala.	8,054	6,167	1,748	139	10,379	60.0	2,974	59.4	234	59.1
Alaska	417	350	67	( <sup>2</sup> )	725	47.7	119	51.9	( <sup>2</sup> )	( <sup>2</sup> )
Ariz.	3,869	2,931	760	178	5,897	50.7	1,345	56.4	415	43.0
Ark.	6,067	4,445	1,402	220	7,697	59.9	2,371	58.7	358	58.6
Calif.	53,733	48,652	3,203	1,878	107,773	45.2	11,641	27.9	4,819	37.9
Colo.	12,486	10,972	1,393	121	24,576	45.4	3,356	38.6	218	53.8
Conn.	4,588	3,596	956	36	7,536	48.0	3,122	27.3	65	49.3
Del.	319	183	112	24	340	56.3	296	34.5	38	55.8
D. C.	1,067	578	435	55	1,181	50.4	1,081	39.1	112	50.1
Fla.	15,027	12,176	2,206	644	21,482	55.2	3,767	57.6	1,154	54.9
Ga.	10,898	9,131	1,440	327	14,901	60.2	2,408	58.3	536	58.8
Hawaii	695	350	328	17	679	51.7	916	35.2	33	50.9
Idaho	3,163	2,584	522	56	5,205	50.0	1,562	33.2	121	46.1
Ill.	38,727	30,504	6,917	1,306	60,396	51.9	22,436	31.4	2,419	52.3
Ind.	14,728	11,840	2,424	465	19,911	55.8	3,748	54.7	805	55.2
Iowa	12,191	10,823	1,046	322	22,199	52.3	1,709	57.9	679	47.8
Kans.	8,867	7,275	1,314	278	13,883	52.5	3,654	36.6	547	50.4
Ky.	7,661	5,477	1,976	208	9,129	60.8	3,424	57.8	348	60.5
La.	10,985	7,601	3,092	292	13,670	56.6	6,187	50.8	542	54.9
Maine	4,444	3,623	640	182	6,321	55.3	1,893	32.8	320	55.3
Md.	4,313	2,663	1,534	116	4,614	55.4	2,695	56.5	200	55.2
Mass.	25,797	22,658	2,816	323	52,201	43.9	10,171	27.2	696	44.7
Mich.	27,727	21,612	5,771	344	40,378	54.6	17,412	31.8	663	54.3
Minn.	14,299	12,183	1,857	259	24,495	51.7	7,055	44.8	552	48.0
Miss.	5,959	4,704	932	323	7,690	60.5	1,528	58.4	557	57.8
Mo.	29,766	25,006	4,760	( <sup>3</sup> )	45,229	55.6	8,015	57.9	( <sup>3</sup> )	( <sup>3</sup> )
Mont.	3,236	2,638	490	108	4,870	54.6	1,227	40.5	196	54.1
Nebr.	7,299	6,296	885	118	11,640	52.7	2,842	31.4	217	53.0
Nev.	563	563	( <sup>3</sup> )	( <sup>3</sup> )	1,110	51.9	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
N. H.	1,943	1,571	298	74	2,933	53.9	956	32.5	133	53.9
N. J.	6,997	5,545	1,280	172	11,518	50.6	3,497	34.6	313	51.1
N. Mex.	2,772	1,746	958	69	3,303	52.7	1,929	49.6	133	51.6
N. Y.	40,580	27,678	11,920	983	62,211	45.9	43,698	27.0	2,300	44.1
N. C.	6,749	4,496	1,740	513	7,466	60.7	2,966	59.2	882	57.0
N. Dak.	2,763	2,152	578	33	4,253	49.7	1,409	37.0	64	50.3
Ohio	32,028	28,210	3,018	800	54,744	53.7	7,364	40.0	1,413	54.2
Okla.	32,674	24,828	7,221	625	45,625	54.6	12,957	56.2	1,153	54.4
Oreg.	6,596	5,862	630	104	11,810	48.9	2,214	28.8	244	43.2
Pa.	33,107	20,356	12,751	( <sup>3</sup> )	38,309	54.1	33,866	36.4	( <sup>3</sup> )	( <sup>3</sup> )
R. I.	2,555	1,863	662	30	3,776	50.8	1,923	33.5	63	48.4
S. C.	5,046	3,867	985	194	6,623	58.9	1,664	61.1	337	57.6
S. Dak.	3,238	2,633	562	43	4,966	55.6	1,063	51.9	78	56.0
Tenn.	9,263	5,876	3,119	268	10,014	59.7	5,402	58.5	458	58.2
Tex.	40,644	36,594	2,945	1,104	62,920	56.9	4,838	58.6	1,929	56.0
Utah	4,475	3,603	833	40	6,953	49.9	2,735	28.3	87	44.8
Vt.	1,289	1,030	210	48	1,943	56.3	361	56.7	80	53.3
Va.	3,370	2,063	1,129	178	3,443	59.1	2,067	54.3	312	57.8
Wash.	21,525	19,290	2,038	197	44,772	41.8	8,239	24.4	507	38.0
W. Va.	5,026	2,682	2,214	130	4,436	60.0	3,729	59.0	219	58.7
Wis.	13,014	10,488	2,190	336	20,053	55.2	6,435	32.3	590	54.9
Wyo.	1,229	1,075	122	32	2,179	47.9	388	34.0	68	46.8

<sup>1</sup> Amounts of Federal grants certified in fiscal year; differ slightly from fiscal-year expenditures from Federal funds reported by States.<sup>2</sup> Alaska does not administer aid to the blind.<sup>3</sup> No approved plan in operation.

TABLE 11.—*Maternal and child health and welfare services: Grants to States for maternal and child health services, services for crippled children, and child welfare services under the Social Security Act, and for emergency maternity and infant care, fiscal year 1946-47, by program and State*<sup>1</sup>

[In thousands]

State	Maternal and child health services			Services for crippled children			Child welfare services	Emergency maternity and infant care
	Total	Fund A	Fund B	Total	Fund A	Fund B		
Total.....	\$10, 672. 2	\$5, 327. 0	\$5, 345. 2	\$7, 412. 7	\$3, 669. 5	\$3, 743. 2	\$2, 009. 9	\$10, 953. 3
Alabama.....	355. 9	119. 6	236. 3	230. 6	85. 6	145. 0	93. 8	136. 8
Alaska.....	120. 9	38. 4	82. 5	135. 7	69. 5	66. 2	20. 2	7. 1
Arizona.....	67. 2	30. 3	37. 0	145. 6	39. 1	106. 5	22. 1	54. 3
Arkansas.....	217. 9	96. 6	121. 3	149. 9	63. 0	86. 9	52. 4	109. 2
California.....	349. 2	253. 3	95. 9	396. 9	236. 8	160. 1	53. 4	1, 188. 4
Colorado.....	173. 4	69. 8	103. 5	131. 3	46. 6	84. 7	12. 7	80. 6
Connecticut.....	171. 8	78. 3	93. 5	143. 7	50. 9	92. 9	18. 9	234. 6
Delaware.....	43. 1	27. 9	15. 2	29. 4	13. 9	15. 5	17. 4	37. 4
District of Columbia.....	134. 4	54. 9	79. 6	187. 0	79. 1	107. 9	19. 4	95. 0
Florida.....	316. 4	98. 9	217. 5	280. 6	96. 7	183. 9	13. 8	107. 2
Georgia.....	368. 2	131. 4	236. 7	140. 6	81. 6	58. 9	50. 6	127. 6
Hawaii.....	151. 8	50. 8	101. 0	87. 2	37. 4	49. 8	9. 5	113. 8
Idaho.....	98. 4	37. 8	60. 6	52. 0	33. 6	18. 3	18. 7	38. 2
Illinois.....	299. 8	256. 7	43. 1	200. 7	140. 6	60. 1	30. 4	540. 7
Indiana.....	157. 5	119. 4	38. 1	89. 1	71. 8	17. 3	36. 0	302. 8
Iowa.....	90. 1	73. 0	17. 2	136. 0	60. 7	75. 3	50. 6	195. 0
Kansas.....	207. 0	79. 2	127. 7	49. 0	42. 6	6. 4	15. 2	177. 0
Kentucky.....	328. 0	115. 9	212. 1	231. 7	144. 8	86. 9	74. 6	158. 7
Louisiana.....	407. 9	120. 0	287. 9	127. 5	73. 0	54. 5	48. 6	168. 8
Maine.....	113. 0	37. 4	75. 7	81. 6	40. 7	40. 9	26. 4	55. 9
Maryland.....	215. 8	90. 3	125. 5	122. 1	61. 6	60. 5	38. 2	244. 6
Massachusetts.....	248. 8	133. 6	115. 2	167. 2	91. 2	76. 0	23. 9	254. 9
Michigan.....	276. 1	170. 9	105. 2	233. 9	153. 4	80. 5	70. 8	603. 8
Minnesota.....	116. 0	86. 5	29. 6	171. 4	57. 5	113. 9	49. 8	144. 7
Mississippi.....	362. 2	111. 0	251. 3	194. 0	69. 4	124. 7	61. 9	152. 0
Missouri.....	173. 0	138. 8	34. 2	140. 3	83. 7	56. 6	56. 4	262. 4
Montana.....	56. 2	26. 0	30. 3	32. 7	28. 4	4. 4	29. 4	37. 3
Nebraska.....	109. 2	57. 1	52. 1	85. 1	48. 4	36. 7	17. 3	118. 8
Nevada.....	42. 5	15. 6	26. 8	60. 6	14. 8	45. 7	16. 4	9. 6
New Hampshire.....	90. 5	51. 3	39. 2	52. 2	31. 9	20. 3	27. 6	36. 1
New Jersey.....	161. 3	134. 7	26. 6	176. 4	78. 4	98. 0	24. 4	179. 4
New Mexico.....	200. 8	44. 6	156. 1	74. 8	39. 3	35. 6	28. 6	68. 0
New York.....	406. 4	346. 8	59. 6	153. 2	143. 2	10. 0	52. 5	2, 050. 2
North Carolina.....	275. 3	159. 4	115. 9	205. 4	99. 5	105. 9	81. 1	159. 3
North Dakota.....	106. 8	47. 9	58. 9	90. 5	37. 2	53. 2	18. 5	67. 7
Ohio.....	226. 5	171. 2	55. 3	182. 4	131. 0	51. 4	58. 3	264. 0
Oklahoma.....	173. 4	72. 4	101. 0	157. 9	62. 6	95. 3	34. 7	157. 8
Oregon.....	106. 4	59. 1	47. 3	114. 4	46. 8	67. 6	26. 9	124. 9
Pennsylvania.....	373. 4	260. 4	113. 0	209. 9	171. 9	38. 0	91. 6	447. 0
Puerto Rico.....	428. 6	118. 9	309. 7	173. 9	53. 5	120. 5	58. 6	29. 4
Rhode Island.....	54. 5	40. 8	13. 7	86. 8	25. 8	60. 9	15. 1	16. 7
South Carolina.....	324. 8	101. 4	223. 3	220. 1	68. 9	151. 2	57. 9	125. 5
South Dakota.....	23. 6	23. 6	-----	64. 4	34. 3	30. 1	23. 6	42. 1
Tennessee.....	240. 9	139. 2	101. 7	119. 8	83. 3	36. 5	43. 2	95. 8
Texas.....	493. 0	230. 6	262. 3	215. 8	122. 3	93. 5	82. 0	235. 0
Utah.....	96. 6	45. 1	51. 6	126. 1	40. 6	85. 4	20. 2	60. 5
Vermont.....	74. 4	39. 3	35. 2	35. 2	17. 5	17. 7	16. 4	24. 9
Virginia.....	381. 8	150. 2	231. 6	185. 1	78. 1	107. 0	38. 2	248. 1
Virgin Islands.....	26. 2	18. 2	8. 0	13. 6	11. 7	1. 9	10. 0	-----
Washington.....	207. 6	103. 8	103. 8	168. 8	35. 8	133. 1	21. 0	438. 2
West Virginia.....	212. 3	98. 2	114. 0	192. 8	60. 7	132. 1	67. 5	155. 5
Wisconsin.....	185. 7	134. 3	51. 3	148. 9	67. 9	81. 0	53. 6	155. 6
Wyoming.....	29. 7	16. 2	13. 5	10. 9	10. 9	-----	9. 6	14. 4

<sup>1</sup> Based on checks issued.











